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# THE JERUSALEM POST

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## Morocco and Zaire withdraw from OAU

**ADDIS ABABA.** - Morocco yesterday formally withdrew from the Organization of African Unity over the seating of representatives of a guerrilla group fighting for independence of Moroccan-controlled Western Sahara.

Zaire also suspended its membership in the pan-African body. The Zaire representative said the seating of the guerrillas violated the OAU's charter.

Morocco's representative, Ahmed Guedira, told the opening session of the 20th OAU summit meeting taking place here that Morocco greatly regretted its withdrawal from the OAU, which it helped found in 1963. "We can only wish you farewell with your new partner," he said.

Morocco is the first member to leave in the history of the organization.

It walked out over what has turned out to be the OAU's most divisive dispute - the 1982 admission of the Saharan Arab Democratic Republic (SADR) as the 51st member. SADR is formed by Polisario guerrillas fighting Rabat for control of the once-Spanish Western Sahara.

Twice in 1982, the OAU failed to hold its 19th summit in Libya because of rows over admission of SADR and over which rival faction should represent war-torn Chad.

The 19th summit was eventually held last year in Addis Ababa, the OAU's headquarters, after SADR "voluntarily and temporarily" withdrew, averting a threatened split.

The OAU's newly elected chairman, Tanzanian President Julius Nyerere, had granted the Moroccan and Zaire delegations time to speak after he was selected to succeed Ethiopian leader Mengistu Haile Mariam as leader of the body.

Nyerere said that Africa had faced serious economic hardship "even before this devastating drought." Nyerere added that African nations must find their own solutions to problems "because the rich nations close their eyes. Their hope is to increase and maintain their economic control over poor nations."

"Separately we are all beggars. Together we can reduce our weakness," Nyerere said.

## Sharon repeats 'Time' anti-Semitic accusation

**JERUSALEM POST Correspondent**  
**NEW YORK.** - Industry and Trade Minister Ariel Sharon, who is suing Time for libel, has repeated his claim that the magazine is "one of the centres of anti-Semitism in the world."

His renewed charge came after a meeting between his lawyers and those representing Time.

The trial is expected to begin today with the opening statements by both sides. It is then assumed Sharon will take the stand followed by his media adviser Uri Dan and MK Ehud Olmert.

Sharon has already signalled his intent to use the trial as a forum to seek vindication for his invasion of Lebanon, by arguing in a sworn deposition that the suicide bombings at the U.S. Embassy and marine headquarters in Beirut "could have been avoided" if U.S. diplomats had not "interfered" between the Israeli and Lebanese governments.

"I can only express my deep sorrow that those direct connections were disturbed by American representatives," Sharon commented, adding, "if that had not been done I believe these tragic events in the American embassy and the headquarters of the marines would not have occurred."



Bethlehem Mayor Elias Freij (second from right) and Defence Minister Yitzhak Rabin (third from right) are led into the Church of the Nativity by a Greek Orthodox cleric during Rabin's visit to Bethlehem yesterday. See story on Page 2 (Rahamim Israeli)

## Report rekindles 'Levinson affair'

**By PINHAS LANDAU**  
Post Finance Reporter

**TEL AVIV.** - Bank Hapoalim management board chairman Giora Gazit yesterday roundly denounced the handling of the investigation into Hapoalim's U.S.-based Ampal subsidiary by Ampal directors, which had been sparked off by alleged financial irregularities known loosely as the "Levinson affair." The findings of the investigation, conducted by a special counsel appointed by Ampal, were made public at a special board meeting held in New York Sunday night.

Promising that Bank Hapoalim would "move to restore order in Ampal," Gazit - normally a placid and soft-spoken executive - fumed at the way his representatives were treated at the meeting. Gazit was speaking to the press at the bank's headquarters yesterday afternoon.

Bank Hapoalim and Ampal board chairman Ephraim Reiner voted against allowing Gazit's representatives to express themselves, either verbally or in writing, at the Ampal meeting, which was called to receive and approve a report from the special counsel appointed by an "independent committee" of Ampal directors, to investigate Ampal's possible involvement in alleged financial transfers and share manipulation.

From Gazit's reaction, it is clear that the power struggle between himself and Reiner, who head two groups within the bank which are usually respectively identified as the anti- and pro-Levinson camps, is still far from being resolved and, indeed, is entering a new phase.

"I have never heard of such a thing," said Gazit, referring to the Ampal meeting. "It is extremely embarrassing when the board of a company in which you have a controlling interest does not allow the representatives of the major shareholder to have their say," he admitted frankly, adding that "it would appear that we have been too soft in our handling of developments up to now, but it is impossible to let this

matter drop. We will check the position and move to restore order in Ampal."

Lashing out at what he considered overblown and distorted media coverage of the investigations in the "Levinson affair," Gazit complained that "we are constantly having to prove our innocence of trumped-up charges over things we were never accused of."

Going back to the roots of the affair, which blew up in late 1983 and led to Ya'acov Levinson's suicide in February 1984, he said, "there is no witch-hunt or persecution involved. There was no choice but to investigate, at first internally, matters that

seemed suspicious. When no satisfactory answers were forthcoming, there was also no choice but to transfer the whole investigation to an outside, objective body. Therefore there was a unanimous vote to hand over the material (from the internal Rothman-Sivan committee) to the police. Even Levinson's friends, who believed in his innocence then and now, voted in favour, because they were duty-bound to do so."

Ampal's board decided earlier this year to set up an independent committee comprising six directors. This committee was chaired by Evelyn

## Shamir alarmed at Jordan-PLO harmony and Amman PNC meet

**By DAVID LANDAU**  
Post Diplomatic Correspondent

**Vice-Premier and Foreign Minister Yitzhak Shamir** voiced concern yesterday over the forthcoming session of the Palestinian National Council (PNC) in Amman. Speaking to a visiting U.S. congressional group, Shamir said he was worried by the apparently burgeoning rapprochement between Jordan and the PLO. He hoped it would not lead to a disturbance of the long period of almost complete quiet along the Jordan River and the Arava.

The congressional group, led by Senator Trible (Virginia-Republican), is going on from here to Amman and will meet with King Hussein.

The PNC session has been scheduled for the end of the month. Shamir told the American lawmakers of Israel's repeated invitations to King Hussein to enter into negotiations without preconditions. Israeli sources said Shamir had used this formulation, and not the formula "negotiations on the basis of Camp David," which, when prime

minister, he often posited as the condition for talks with Jordan.

In a separate conversation with Senator Daniel Moynihan (New York-Democrat), Shamir warned that Israel would resort to "unilateral security arrangements," if the talks with Lebanon remained suspended or if they failed to make tangible progress.

"We will maintain our presence there (after the unilateral security arrangements are concluded) until the Lebanese understand that they will have to reach an accord with us if they want us to leave," Shamir was quoted as saying.

This was the first time the Vice Premier was cited publicly by aides as referring to the "unilateral" option, which means in practice a partial withdrawal by the IDF from sections of South Lebanon. Both Premier Peres and Defence Minister Rabin have mentioned this idea as the alternative to be considered if the effort to attain a political-military accord proves fruitless.

## Moda'i: Prices can stay down after freeze

**By ARYEH RUBINSTEIN**  
Post Knesset Reporter

Finance Minister Yitzhak Moda'i yesterday said that a new burst of inflation after the three-month package deal ends is not inevitable.

Whether that happens depends on what is done in the next three months - by the government, by the individual citizen and by public and private bodies, Moda'i said.

Making a government statement in the Knesset on "the agreement for the stabilization of the economy," Moda'i said the package deal between the government, the Histadrut, and the manufacturers does not constitute a programme in itself.

Rather, it is an auxiliary measure attached to a more comprehensive programme, he said.

The deal would cool the economy temporarily and enable the government to take the other measures, first and foremost the cutting of the state budget, he stated.

Moda'i said that the index for October, to be published Thursday, would be "very high," but that month was before the package deal was signed. He predicted that the November index would be between 18 and 21 per cent, the December index between 10 and 12 per cent, and the January index between 7 and 9 per cent.

Justifying the government's decision to work for a package deal, Moda'i said that a recovery programme imposed by the government unilaterally might well have broken down in a short time. The package deal, having been reached by agreement, had a much better chance of standing up.

He admitted that the package deal is not perfect, and that it does not provide absolute justice for all groups.

Ideally, Moda'i said, the sacrifice made by each of the three parties should have been greater, but that was in the nature of agreements. Each party had gone to what it regarded as the limit of its ability.

Moda'i opened his speech by saying that the twin goals of the government's broader programme are to brake inflation and improve our balance of payments.

For many years we have been living beyond our means, but because of comprehensive linkage only the "national cash box" suffered, not the manufacturer, the merchant, or the consumer, Moda'i said.

He noted that Israel's foreign debt rose from about \$5 billion in 1972 to \$22 billion in 1983, and our domestic debt rose from 42 per cent of GNP in 1970 to 126 per cent in 1983. It wasn't just that expenditure rose more rapidly than GNP; the GNP stopped growing altogether, he pointed out.

The rapid rise in both public and private expenditure in the past ten to 12 years led to a state budget in

## Nakoura talks seen resuming imminently

**By JOSHUA BRILLIANT**  
Post Defence Reporter

**TEL AVIV.** - Senior Israeli defence sources last night expressed confidence that the military talks with Lebanon will be resumed, possibly this week.

Sources said yesterday they were optimistic mainly because all the major nations concerned - the U.S., Syria and Israel - wanted the talks resumed. Later reports from Beirut indicated its government was indeed moving towards a resumption of negotiations.

However, Unifil spokesman Timur Goksel had no information as of last night on the resumption of the talks.

The talks, designed to lead to an IDF pullout from Lebanon, began last Thursday at Unifil headquarters in Nakoura and were to continue yesterday morning. But the Lebanese government suspended them on Thursday following the detention of four Amal leaders in Sidon.

Israel radio and TV last night reported that a possible compromise

solution was being worked out according to which Israel would release three Shi'ite militia commanders this week before the Nakoura talks are resumed, while another two detainees would be released at a later stage.

Attempts to find a solution were made in talks yesterday and Sunday night with UN diplomats. Defence Minister Yitzhak Rabin met with U.S. envoy Richard Murphy and Foreign Ministry Director-General David Kimche conferred with the UN's Claude Aimee, who later went to Beirut.

At the Rabin-Murphy meeting, Chief of Military Intelligence Aluf (Major-General) Ehud Barak reported on the Amal detentions, while the head of the Israeli negotiating team, Tat-Aluf (Brigadier-General) Amos Gilboa, reviewed last Thursday's talks. Kimche briefed the Americans on his contacts with the UN.

In a subsequent meeting attended only by Rabin, Murphy and U.S. Ambassador Samuel Lewis, the participants considered how to break

(Continued on Page 2, Col. 2)

## Three soldiers wounded in Lebanon

**By MENAHEM HOROWITZ**  
METULLA.

Three soldiers were wounded by terrorists in two attacks yesterday in South Lebanon.

A convoy of army jeeps travelling near the village of Jibshit in the western sector came under light-arms fire. One soldier sustained medium injuries and another was lightly hurt. Both were taken to Rambam Hospital in Haifa.

The IDF closed off the area and conducted searches in the village.

In the other incident, RPG and light-arms fire was directed at an army convoy a kilometre north of the Zaharani River. A lightly injured soldier was taken to Rambam.

The condition of the soldier wounded in an attack Sunday and hospitalized in Rambam was reported as serious yesterday.

## Sasson unsure of outcome of talks with Egyptians

**Jerusalem Post Staff**  
and Agencies

Ambassador to Egypt Moshe Sasson briefed Foreign Minister Yitzhak Shamir yesterday on his recent contacts with Egyptian leaders and was cautious about their outcome.

Sasson told Kol Yisrael radio after conferring with Shamir: "I am not at all sure my talks with Egyptian leaders will result in better relations. 'We are studying various ideas and problems and it will take time before anything develops.'"

Sasson said on the radio that he is "unhappy" with Israel's image in the Egyptian media. He said that in both the free press and the official media, "our image has not been good."

Earlier, officials said they felt the ambassador's contacts with the Egyptians indicated a slight thaw in the countries' cool relations.

After being denied high-level access for several months, Sasson last week met Egyptian Prime Minister Kamal Hassan Ali and Foreign Minister Ahmed Esmat Abdel-Maguid.

They discussed how to improve relations in preparation for an eventual summit between Prime Minister Shimon Peres and Egypt's President Hosni Mubarak, officials said yesterday.

Egyptian officials yesterday declined to confirm or deny a report that they might send an envoy to Israel to discuss normalization prior to a possible Egyptian-Israeli summit.

But Israeli Embassy sources told the Associated Press that the dispatch of an Egyptian envoy was "under consideration" and that Cairo might make a decision within the next few days.

## Greek agriculture officials due to exchange know-how

**By YITZHAK OKED**  
Jerusalem Post Reporter

**TEL AVIV.** - Three Greek Agriculture Ministry officials were expected in Israel last night for talks with Agriculture Ministry officials here on exchanging expertise.

The visit reportedly comes as a surprise to government officials here in view of the generally unfriendly attitude of Greece towards Israel.

The visit is within the framework of an agricultural exchange agreement signed between the two countries in 1980 when Ariel Sharon was agriculture minister. But it was nev-

er implemented because shortly after the signing, Greek Premier Andreas Papandreu, a firm supporter of the PLO, came to power.

Agriculture Ministry officials in Greece told newsmen that they were going to Israel to learn irrigation and vegetable processing technologies. A source here said the group wanted an overview of Israeli agriculture.

The same source said Israel is keen on learning from the Greeks. For example, it is interested in methods for growing medicinal plants and for processing cheese in the Balkan fashion.

## Prudence needed on Med-Dead canal

**By AARON SITTNER**  
Jerusalem Post Reporter

A go-ahead decision on the building of the proposed Mediterranean-Dead Sea Canal requires "proper prudence" in studying the cost analysis presented by the company in charge of Med-Dead, and "twice as much prudence" when considering its opinions on the economic feasibility of the project.

This is one of the main recommendations contained in a special State Comptroller's Report (and opinion) prepared at the request of the Knesset State Control Committee. Med-Dead was under discussion by the committee in May 1983.

Though the State Comptroller's Office was preparing a routine report of its own on the project, the Knesset body requested a special report with emphasis on the way decisions were being reached at this

more about this company's budget and how it intended to raise the capital to finance the planning of Med-Dead.

The idea behind the project is simple: to utilize the flow of water from the Mediterranean Sea to the Dead Sea for the purpose of producing electricity. The method would be generation of power hydro-electrically, exploiting the drop in the level of the water - by 400 metres - as it flows eastward from the Mediterranean, driving turbines on the way.

An additional advantage would be the slowing of the drying process threatening the Dead Sea. According to Israeli water engineers, the increasing use by Israel and Jordan of the Yarmuk and Jordan Rivers for irrigation and drinking water is reducing the flow of non-saline water into the Dead Sea, hastening its

Ministry of Development appointing a committee to study the idea. Two years later, the Ministry of Commerce and Industry appointed another committee, which began working on the plan with the Israel Electric Corporation.

In November 1977 a steering committee was appointed by an inter-ministerial committee of economic ministries. This committee was headed by Prof. Yuval Ne'eman, and the first detailed outline of a Med-Dead Canal emerged from this committee, in April 1980. Four months later, the government approved "a plan to dig a canal that would connect the Mediterranean and Dead Seas for the purpose of producing electric power and for other purposes connected with the development of the state."

Execution of the plan was vested

## 'Cosmetic' crackdown on black market dealers

**By ROBERT ROSENBERG**  
Jerusalem Post Reporter

The police appeared yesterday at illegal and quasi-legal money changing places around the country as part of an effort to clamp down on the foreign currency black market. But high-ranking police sources described their government order to go after the black market as "cosmetic."

"This will drive the price of the dollar up to 50 per cent above the official rate," said one black market money changer in Jerusalem. He said: "If the government wants to eliminate the black market, all it has to do is stabilize the shekel."

Money changers on Salah a-Din Street in East Jerusalem - where

police handed out instructions to those with Jordanian licences limiting their market to dinars and shekels, and to those without licences ordering them to shut down by next Sunday - seemed fatalistic. They warned that "any attempt to shut down the black market will simply move it to more secret places."

The police did not deploy massive forces against the Tel Aviv market near the Rehov Allenby post office.

Instead, they sent out a pair of patrolmen and a plainclothesman that yesterday effectively emptied the streets of currency dealers.

"It's cosmetic. Nobody believes that this is the way to close foreign currency trading," said a police

source. A source in the Police Ministry said that "hopefully, fewer people will make use of the black market," but he added that he didn't expect it to shut down.

There are a dozen East Jerusalemites with licences to trade in currency. Another dozen moneychangers are to shut down because they did not hold licences. These licences were granted by the Jordanian government and remained legitimate after 1967. In 1971, they were expanded by order of the Bank of Israel to include sale of foreign currency to tourists.

Mayor Teddy Kollek sat in on several meetings with Attorney-General Yitzhak Zamir and South-

ern District Police Commander Avraham Turgeman. In those meetings, held about 10 days ago, Kollek warned that stopping the currency trade altogether would have a massive impact on the East Jerusalem economy. A compromise was eventually reached allowing the legitimate money changers to continue to trade in dinars.

Four people were arrested in the Haifa and Hadera districts yesterday as part of the nation-wide crackdown on illegal moneychangers. Police seized hundreds of dollars and other foreign currency denominations including a large sum of Rumanian lei. One man arrested offered to sell a plainclothesman \$500.

## Money changers predict new boom in black market deals

**By MICHAEL EILAN**  
Jerusalem Post Reporter

Money changers in East Jerusalem predict a tremendous surge in street-corner black market deals following the attorney-general's decision to limit their trade to transactions in Jordanian dinars.

"Next week, if you come here with say \$10,000, I won't deal with you in the shop. We'll go somewhere else to do exactly the same transaction, but at a higher price," one money changer who asked not to be identified said yesterday afternoon. Business was booming in the afternoon in nearly all of the money changers shops in the Old City and other parts of East Jerusalem. "People are panicking," one merchant said. "They are selling dollars and dinars even though it's not worth their

Jordanian authorities before 1967 expect their business will be driven into the hands of what they describe as "unscrupulous elements."

"We're respectable merchants," the young man added. "But when you meet somebody on a street corner, how can you tell who he is?"

Faiek Barakat, chairman of the East Jerusalem Chamber of Commerce, forecast a rise in the importance of the dinar in the Israeli market. "They deal with dinars now in Tel Aviv, and this tendency will increase," he said.

Most business transactions in East Jerusalem and the West Bank are conducted in dinars because the Jordanian currency is stable and all cash coming in from Jordan arrives in dinars.

Barakat, who said the attorney-







**The Family**

July 15, 1950



## Hefetz fined IS50,000 for talking to press

Jerusalem Post Reporter  
Assistant Commander Assaf Hefetz was fined IS50,000 yesterday in a Petah Tikva police disciplinary court.

He was convicted two weeks ago for discussing confidential police information with four journalists after the arrest of the so-called Lifta Gang in Jerusalem who allegedly plotted to sabotage the Temple Mount.

After the sentence was read to a packed courtroom,



Assaf Hefetz awaits the reading of his sentence yesterday in the Petah Tikva police disciplinary court. (IPPA)

### NEWS ANALYSIS/Robert Rosenberg

## Verdict will cost Ivztan more than Hefetz

The IS50,000 fine handed Police Assistant Commander Assaf Hefetz in a Petah Tikva police disciplinary court yesterday was interpreted in police circles as a "rebuff" to Inspector-General Arye Ivztan.

Ivztan was going to lose no matter what, one police source commented after hearing that Hefetz was basically "slapped on the wrist."

Ivztan strongly advocated prosecuting Hefetz, who was convicted two weeks ago for having leaked classified information to four journalists. In turn, the Hefetz affair, which began with the arrest of the so-called Lifta gang for attempting to blow up Moslem holy sites on the Temple Mount, became a measure of Ivztan's leadership of the police.

The court stated that the Hefetz affair was in large part about "leaks" to the press which "saw off the branches which support the police."

But Police Commander Yehzekel Cariv at the behest of Police Minister Haim Bar-Lev, has also opened an inquiry into two other matters that came up during the Hefetz trial. One is the question of whether former Tel Aviv District Commander (and now Southern District Com-

mander) Avraham Turgeman perjured himself during testimony. The other is Northern District Commander Rahamim Haddad's open admission that he had met with journalists in an attempt to clear his name of some alleged corruption charges.

More deeply, the Hefetz trial opened up the inevitable internal police struggle for the future command of the force, with oldtimers like Ivztan and Turgeman lining against the newcomers like Hefetz.

With Hefetz's history as an anti-terrorist soldier in the army and as head of the elite central unit of the Tel Aviv police, it was unlikely that the court could do anything but be lenient with him.

Ivztan now has no choice but to allow Hefetz, who consistently has been asking to return to the force, back into the police.

The question, however, is where to post Hefetz. Sources in the police have already suggested that Hefetz move to Jerusalem and take over the vacant post of chief of the Investigations Department in Jerusalem. But it is unlikely that Turgeman and Hefetz would be prepared to work together again.

cheers broke out among Hefetz's friends and relatives who filled the room. Hefetz later told reporters he hoped to return to the force.

Inspector-General Arye Ivztan must still confirm the sentence and once this has been done, Hefetz is expected to be reinstated. However, it is considered highly unlikely (see story below) that he will again head the elite central unit of the Tel Aviv District Police.

## Inauguration of new Nahal settlements

By JOSHUA BRILLIANT  
Post Defence Reporter

ROTEM, Jordan Valley. — On a barren desert hill some three kilometres west of the Jordanian border, the Nahal (Pioneering and Fighting Youth) settlement of Rotem was inaugurated yesterday morning. Several hours later another Nahal settlement or *Hevrat*, was inaugurated in the Gush Etzion area. Two more will be inaugurated in the Negev today.

The inaugurations were planned to mark Nahal month. This site, consisting of prefabricated and red-roofed homes surrounded by barbed wire and machine-gun positions, is designed to help plug up a 10km. gap in a string of settlements along the Jordan River.

Along with the other settlements and Gevaot which was inaugurated in the Gush Etzion area in the afternoon, Rotem is to be part of Israel's first line of defence in the east. Defence Minister Yitzhak Rabin said at the ceremony here yesterday.

The settlements due to be inaugurated today are Amital, near Kerem Shalom, some 1.5km. from the Egyptian border and Ye'elon, some 20km. north of Kibbutz Yotvata.

All four Nahal settlements were populated four months ago. None are in controversial areas, such as the West Bank. But Nahal officers insisted that this was merely a coincidence and not a reflection of the new government's policy. These sites had been "in the pipeline," Rabin said.

Rabin did not seem to be in a hurry to implement the coalition agreement to establish five or six settlements in the administered territories this year. He said that he believed the government has not acted on the matter because it faces more pressing issues.

## B-G U. slashes budget by \$8m.

BEERSHEBA (Itim). — Ben Gurion University of the Negev has cut its budget by \$8 million in comparison with its budget last year and will soon fire 55 administrative workers and 50 lecturers.

These measures are part of an economic recovery programme revealed at a press conference here yesterday by university president Shlomo Gazit.

University rector Prof. Haim Itta said that because the school has a summer semester, the academic year will not be extended to make up for the two-week delay in starting studies this year.

As part of the recovery programme, the university will cut the salaries of the academic staff, cut budgets for buying equipment and sell some of its vehicles. The academic staff have agreed to teach extra hours without pay.

In coordination with the Council for Higher Education the university has decided to delay until 1985 servicing its \$15m. debt, Gazit said. The council agreed to give the university an additional \$265,000 he said.

Commenting on his recent resignation announcement, Gazit said he had made it in protest against the university's financial plight. But because of public pressure, he said that he retracted his resignation.

## Haifa con-artist convicted of 'making a bundle'

HAIFA (Itim). — An immigrant from the U.S., who spent the three years since his arrival here proving that "you can still make a bundle in Israel," has been convicted in a Haifa District Court on 10 counts of fraud for proving it.

The brief but lucrative career of Bennett Joshua Repper, 35, as a sham-wizard featured imaginative incarnations as a secret agent (on intimate terms with Henry Kissinger), Menachem Begin and Moshe Arens), an international tycoon boasting assets totalling \$38 million, a film director and producer with friends at 20th Century-Fox and as the owner of a chain of exclusive New York restaurants.

Described as a dashing dresser with great personal charm, Repper reportedly even had the local bankers eating out of his hands. One plaintiff balked out of a bundle told the court that bankers had vouched for Repper, claiming him to be "a very respectable man."

Repper was equally adept at separating the rich and the poor from their money. American-based investors took a financial shower side-by-side with kibbutzniks intent upon get-rich schemes that Repper had promised would triple their investments within three months. Women also fell prey to his charms.

Working out of a posh office in Haifa, Repper was known to boast that "there's still a lot of money to be made in this country."

## Child dies in playpen

SDELOT (Itim). — A two-year-old girl from Kibbutz Or Haner was strangled to death yesterday while playing with her dolls in a playpen. The child, Netta Dolbelski, died when her head was caught between



At the Histadrut executive yesterday, Likud faction leader Ya'acov Shamai (left) attacks the labour federation leadership for signing the package deal, and Histadrut Secretary-General Yisrael Kessar rejects the criticism. (IPPA)

## Histadrut approves package and Kessar

Jerusalem Post Reporter  
TEL AVIV. — The Histadrut executive yesterday approved the package deal agreement, after rejecting a Likud-sponsored motion of no confidence in Secretary-General Yisrael Kessar and the central committee.

In approving the agreement, the executive called on the government to make available all the necessary resources for the supervision of the price freeze and repeated Kessar's offer of Histadrut volunteers to serve as price supervisors.

Likud faction leader Ya'acov Shamai, who presented the no-confidence motion, accused Kessar of signing an agreement that meant a deep erosion of workers' wages. At

the same time, he accused the Histadrut marketing network of raising prices and Kupat Holim of raising membership fees just before the price freeze.

Shamai angered Alignment and left-wing members with his persistent criticism of the Labour members of the Ministerial Economic Committee, while failing to mention the committee's Likud members.

In a biting reply, Kessar charged that "those who caused the disaster" are now the first to complain.

"I will take an independent stand for the good of the workers and of the economy," he declared.

He defended the package deal,

saying that it had halted the erosion of wages and had distributed the economic burden equally. A team of government and Histadrut representatives is formulating a method for the payment of the extra levy to be imposed on the self-employed, Kessar said.

Kessar revealed that the government had originally rejected the Histadrut's demand that badly-paid workers be exempt from yielding part of their cost of living increment, on the grounds that it would mean exempting one-third of all salaried workers.

"God help us if one-third of the workers are too poor to pay income tax," he said.

## Maof ticket-holders sue airline, gov't

HAIFA (Itim). — Two men who bought tickets from the now bankrupt Maof charter airline have filed a suit in the Magistrate's Court here against the airline, the Transport Ministry, and the Civil Aviation Administration.

Avraham Talmor, a retired police officer from Kiryat Bialik, and Haifa lawyer Ra'anan Ron are suing for IS690,560 (\$1,284), the amount they paid for tickets and ground services.

Also named as defendants are Maof Charter 1, a subsidiary of the airline, and Maof managers Yitzhak

Gadish and Meir Amit. The defendants have not responded to the suit.

Maof stopped operating and went into receivership at the beginning of the month, after running up a \$10 million debt. A deal worked out last week with El Al and Arkia allows Maof passengers with confirmed reservations to fly on the other airlines. But the deal does not cover some 450 to 500 Maof passengers who did not have a departure date.

According to the suit, Ron and Talmor each bought a pair of Maof tickets for \$567, and Talmor also

paid the airline \$150 for ground services.

The two say the purchases followed a newspaper advertising campaign that violated charter regulations. But they argue, the Transport Ministry and Civil Aviation Administration permitted the campaign, implicitly or explicitly, and also failed to make the airline post the legally required bond for 150 per cent of the value of charter tickets sold. The plaintiffs say that the "negligence" of the ministry and the CAA make them liable for damages.

### IN THE KNESSET/Asher Wolfish

## Tunik: Housing is all in the family

Relatives of Tel Aviv city councilors and senior municipal staff were given subsidized housing by the Halamish housing rehabilitation corporation — by-passing the regular administrative procedures, State Comptroller Yitzhak Tunik declared yesterday.

He added that the lucky householders had also received unusually favourable mortgage terms as well. During a Knesset State Control Committee debate of his report on Halamish, Tunik noted that much of the blame also rested with the Housing Ministry, which should have supervised the corporation, which is under the aegis of the Tel Aviv municipality.

Yigal Griffl, chairman of the Halamish board and a deputy mayor of Tel Aviv, said the housing was allocated to the type of recipient referred to only after the flats had been offered for a long time without any interest being shown by young couples who qualified for the subsidies.

**WATER SCARE**  
A senior Health Ministry official said ethyl di-bromide found in sources of drinking water could result in the water sources being declared unfit for use and closed off.

The *Jerusalem Post* reported last Thursday that the pesticide, one of the most dangerous in use here, had been placed under a partial ban and subjected to new restrictions after fears that drinking water sources had already been contaminated.

So far the chemical has not been traced in any wells supplying drinking water.

**WORK PERMITS**  
Employers hiring foreign workers without work permits should be punished by law to pay for their air use home when they are caught and expelled to their countries of origin, proposed Likud MK Meir Cohen-Avidon.

In a private members bill, he said there were about 5,000 foreigners working without permits, but sometimes there was no way of expelling

them as the Interior Ministry had no budget to pay their plane tickets.

**ELECTORAL REFORM**  
A committee of six MKs under the chairmanship of Economics Minister Gad Ya'acobi was named yesterday to promote electoral reform.

The committee includes four other ministers, the Likud's Moshe Arens (without portfolio) and Haim Corfu (Transport); Labour's Moshe Shabai (Energy); Shinui's Amnon Rubinstein (Communications), as well as an ex-minister of the Likud, Sara Doron.

**ETHIOPIAN AID**  
Labour MK Shevah Weiss sent a cheque for IS25,000 to Speaker Shlomo Hillel yesterday in aid of the "Ethiopian Children's Fund."

Mapam MK Amira Sartani also requested an urgent debate on the famine in Ethiopia in order to arouse public opinion in this country to help the starving millions.

**NO INCREASE**  
A government bid to raise the secondary education levy collected by the National Insurance Institute by 50 per cent was foiled.

The proposal to increase the levy from 0.4 per cent to 0.6 per cent of the taxable figure was defeated in a joint body of the Education Committee and the Social Affairs Committee.

Education Committee, in a separate meeting heard that government allocations to the Israel Broadcasting Authority would cease entirely on April 1, 1985.

Meanwhile, the Committee set up a sub-committee to draft legislation for a second TV channel, on the basis of private members bills by Pinhas Goldstein (Likud-Liberals) and Micha Reisser (Likud-Herut).

**NO-CONFIDENCE**  
The Progressive List for Peace faction has tabled a debate on a no-confidence motion charging that the government had no intention of pulling the IDF entirely out of Lebanon.

The PLP said the arrest of the four

Shi'ite leaders which they claim was designed to sabotage the Nakoura talks proved that the government wanted to continue the occupation and hence did not merit the confidence of the Knesset.

The motion is expected to be debated tomorrow.

The two previously tabled motions of no-confidence by the Democratic Front for Peace and Equality (DFPE) and Tebiya will probably take the form of separate votes at the close of the economic debate today.

**HUNGER STRIKE**  
Two Labour MKs who staged a lightning hunger strike outside the bureau of Knesset Speaker Shlomo Hillel have apparently managed to compel the Likud to name a chairman for the Knesset Aliya Committee after four months.

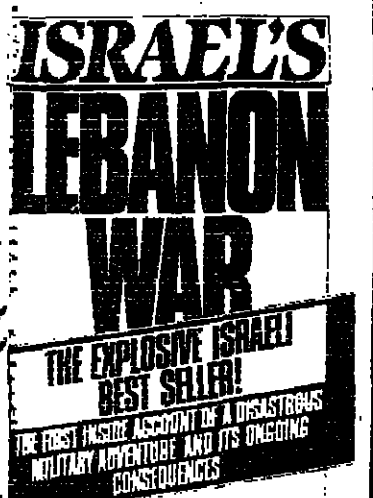
Jacques Amir and Rabbi Menachem Hacohen ended their fast after a few hours when Hillel promised that if the Likud did not choose the chairman by this morning he himself would convene the Aliya Committee and serve as its chairman for as many sessions as required.

**KNESSET HISTORY**  
The Knesset Speaker made history yesterday when he disqualified a private members bill by Meir Kahane (Kach) on the grounds that it was racist. Kahane had proposed that whenever a non-Jew was freed before completion of his prison sentence for a security offence, on any grounds whatsoever, a Jew in prison for a security offence would also be released.

## Vehicle for invalids

TEL AVIV (Itim). — A specially equipped vehicle for transporting invalids has begun operating in the Tel Aviv and Gush Dan areas.


Called a *nechonit*, from the Hebrew words for "invalid" and "car" — *nache* and *mechonit* — it has an elevator-device to lift up wheelchairs and equipment to keep them locked in place.



The first inside account of the "war with no victors", this provocative Israeli bestseller, originally titled "Milchemet Sholei", is a full and graphic documentation of the war's history and developments including its origins, its conduct and the quagmire of its aftermath. Two of Israel's most respected journalists wrote this extraordinary, remarkably detailed narrative, basing it on information from inside sources "with precision and sensitivity...an exhaustive study that is likely to endure as the definitive book on the Lebanon War."

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## Strikers drifting back to work in Britain Miners hurl petrol bombs at police

LONDON (Reuters). - Striking miners hurled petrol bombs at police yesterday in some of the worst violence of the eight-month-old strike in Britain's state-run coal industry. Thirty-seven people, most of them police, were injured.

But a drift back to work in the coalfields gathered pace following the collapse of peace talks two weeks ago and an offer of large Christmas bonuses for men returning before next Monday.

Strikers in Yorkshire, Britain's biggest and most militant coalfield, attacked police who have been controlling mass picketing and escorting working miners to their pits.

Police said hardliners seeking to intimidate would-be strike breakers hurled petrol bombs, iron bars and stones in a night of concerted violence.

Miners' leader Arthur Scargill, who is fighting plans to shut loss-

making pits, blamed the unrest on police intimidation.

The worst violence was outside Cortonwood, one of the pits where the strike began and where four men returned to work.

Groups of strikers stoned police stations in the villages of Maltby and Dinnington and rampaged through Brampton, near Cortonwood, setting fire to shops and looting, a police spokesman said.

Pickets blocked roads throughout the coalfield by felling trees and setting fire to cars, he added.

Police made over 30 arrests in Yorkshire and said at least 30 officers had been hurt. There were three arrests during clashes in South Wales, another traditionally militant area.

The National Coal Board said more than 1,700 strikers had gone back to work throughout the country, double the previous best for a

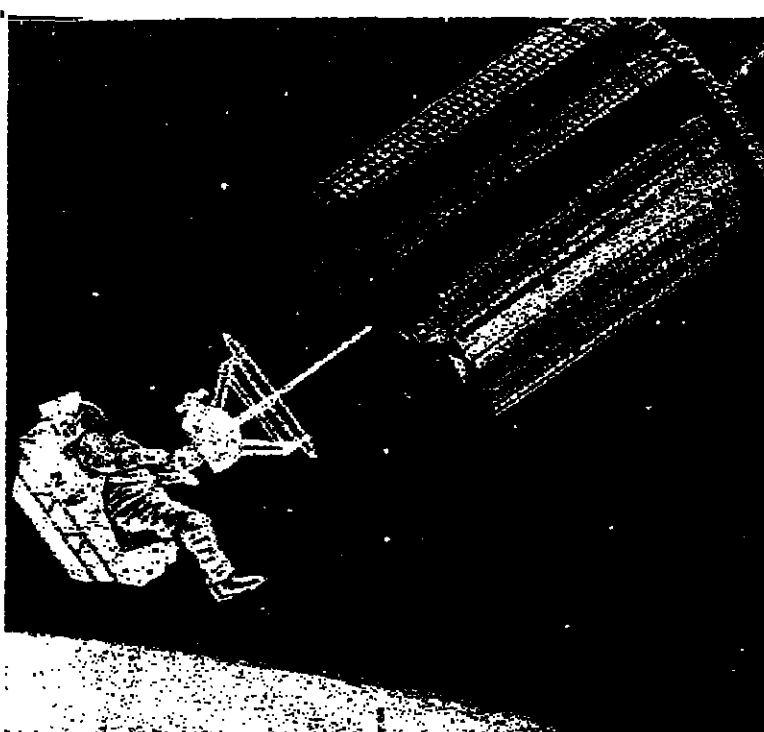
single day. A quarter of Britain's 180,000 miners have worked throughout the strike, but the Board says 10,000 strikers have now joined them.

Scargill, speaking in radio and television interviews, rejected suggestions that the strike was crumbling and accused the board of rigging the figures.

His National Union of Mineworkers says it will fight through the winter to keep open all but unsafe or exhausted pits.

The Conservative government, wishing to cut state subsidies to nationalized industries, says it has enough coal stockpiled to last well into next year without electricity cuts.

The miners helped bring down the government of Conservative prime minister Edward Heath in 1974 by forcing power cuts.



Artist's impression of a space shuttle astronaut using a jet backpack in an attempt to retrieve a disabled satellite. (UPI telephoto)

## Astronaut grabs wayward satellite in historic mission

CAPE CANAVERAL, Florida (AP). - Free-flying astronaut U.S. Joe Allen jettied away from shuttle Discovery yesterday and captured a wayward satellite in an historic space salvage mission.

"Dock, dock," he exclaimed as he inserted a 1.2 metre pole-like device called a "stinger" into the spent engine nozzle of the Palapa B2 satellite, securing it firmly.

Never before had a human being latched on to an orbiting satellite, nor had one been retrieved for return to earth to be repaired and launched again.

The capture was executed just 15 minutes after the untethered Allen cast free of Discovery's open cargo bay to cross a 10.6 metre void between the two spacecraft, propelling himself with a rocket backpack.

Shuttle, satellite and astronaut were racing around the globe at 28,000 kph and 360 kms high.

## Sports

### Spiegler's sacking part of wild sweep

By PAUL KOHN

TEL AVIV. - The Tel Aviv labour council decided to take the bull by the horns yesterday as they disbanded the management of the hapless Hapoel Tel Aviv soccer club in a broad sweep which included the firing of coach Mordechai Spiegler.

The former national team captain had been in charge at the star-studded Tel Aviv club since the beginning of the season. He has watched them, however, go from mishap to mishap as they registered only a single victory in the eight opening league games.

By late last night no replacement had yet been named. Spiegler's deputy, former Hapoel full back Nimrod Dreyfus, ran the training session at the Bloomfield Stadium yesterday.

Spiegler's sacking was the third time he has had the axe from a National League club having previously been dismissed from Maccabi Haifa and last season from Maccabi Netanya where he spent most of his playing career.

A last-ditch plea by some of the leading Hapoel players, spearheaded by midfielder Moshe Sinai, failed to win Spiegler a reprieve. They had asked for grace, that he be allowed to continue with the club for a few more weeks, since they promise much better results after in the offing.

In truth, they can hardly get worse.

### Gloom for Hap. TA hoopsters as well

By DON GOULD

Post Basketball Reporter  
TEL AVIV. - Hapoel Tel Aviv, Israeli State Cup winners in 1983-4, last week won through handsomely to the quarter final round of the prestigious European Cupwinners Cup. No such good fortune for them at home, however. On Sunday evening, defending their trophy in the local Cup, they were summarily eliminated by a rugged Maccabi Haifa 91-86 and were bounced out of the last 16.

The last four minutes of the hard fought contest were played without coaches or management from either team on the bench. Both sides had complained so bitterly and frequently about the officiating that they had been asked to leave the court. Maccabi Haifa's tough front line of Doron Shefa, Greg Cook and James Terry proved too much for Tel Aviv to handle. Shefa was the leading scorer for the winners with 23 points.

In on the court was Tel Aviv, led by Kevin Magee's 36 points and 27 more from Mickey Berkowitz, breezed by Betar Tel Aviv 110-91. Maccabi Ramat Gan got 34 points from their scoring machine, Doron Jamchev and 24 from Amir Harel, who hit Kiyat Gan 103-81.

Hapoel Ramat Gan, starting Shlomo Sheffer in place of the injured Art Hanesy, ran away and hid from second league hopefuls Hapoel Jerusalem 104-57. Yossi Kashi's 17 points led a well balanced Ramat Gan attack. Jonathan Dahan pumped in 35 points for Hapoel Haifa in their 90-75 victory over Kiyat Motzkin while Gan Shmuel put six players in double figures and slammed upstart Kiyat Qna 98-75.

Maccabi Netanya, the only second league team to advance to the quarter finals with an 86-74 victory over Hapoel Yotat's 4. Major league basketball was set back on its heels when Hapoel Haifa Ha'neke did not show up for their game against Holon. Aha! say fans, a problem may cause them not to finish the season.

The intriguing matchups for the January 7 quarter final round pits Hapoel Haifa vs. Maccabi Haifa; Maccabi Ramat Gan vs. Hapoel Gan Shmuel; Maccabi Tel Aviv vs. Hapoel Ramat Gan and Hapoel Holon vs. Maccabi Netanya.

In NBA, the Los Angeles Lakers finally seem to have got their act together. And it hasn't come too soon for coach Pat Riley. "I think the Portland game on Friday night was a springboard for us," Riley said after the Lakers last whipped the visiting New Jersey Nets 121-111 Sunday night. Prior to the two weekend games the Lakers had been only 3-5 for the season. Portland defeated Golden State 109-97 in the only other game.

### Australia prepares for 'disaster' era

PERTH (Reuters). - The West Indies completed their humiliation of the Australians in their first cricket Test here yesterday by mopping up five remaining second innings wickets to win by an innings and 112 runs with well over a day to spare.

Resuming on the fourth day with an almost impossible task, Australia were all out for 228 runs to give the tourists a world record sequence of nine Test victories which included a 5-0 drubbing of England.

The Australians, all out for 76 in their first innings and struggling on an overcast score of 158 for five, got the worst possible start to the day in their bid to overhaul the West Indies' formidable first innings total of 416. Four wickets fell in 11 deliveries for only three runs.

Marshall and Garner picking up two wickets apiece as the home side tumbled to 170 for nine against the West Indies pace attack. A plucky last innings partnership of 59 between Alderman, who hit a Test best 25, and Lawson, 38 not out, only delayed the inevitable.

The Windies' winning sequence ironically broke a record set by the Australians in 1920/21 which comprised eight wins over England, five here and three in England.

Scores: West Indies 416 (Dujon 139, Gomes 100, Alderman 56 for 128); Australia 76 (holding 21) and 22 (Wood 56, Marshall four for 68, Garner three for 52).

Australian newspapers ruthlessly savaged their men for their performance. "It's not a Test, it's an unmitigated disaster," the national daily, *The Australian* said in a front-page headline, adding that local fans now expected a rout similar to this year's 5-0 West Indian drubbing of England.

In Peshawar, a sparkling undefeated 80 by Javed Miandad and a four-wicket haul by batsman Zakir Khan were largely responsible for Pakistan's 46-run win over New Zealand in their first one-day Test.

## Nicaragua on alert, says U.S. invasion imminent

MANAGUA (Reuters). - Nicaragua's defence ministry yesterday ordered the armed forces on full alert and armoured cars patrolled Managua as the government warned the population of an imminent U.S. invasion.

Government radio broadcasts said 25 U.S. warships carrying 15,000 troops were approaching Nicaragua and that others were staging exercises in the Gulf of Fonseca off the Pacific coast, indicating that a landing could occur at any time.

Although Washington denies it is preparing to invade, U.S. Defence

Secretary Caspar Weinberger said last week after a Soviet freighter docked here to deliver cargo which Nicaraguan officials said could contain military equipment.

U.S. officials first said the cargo might include Mig-21 fighters but later said this was unlikely.

Tension heightened when Managua said it had fired warning shots at a U.S. aircraft off the Pacific port of Corinto where the freighter was berthed.

In Moscow, officials denied there were warplanes in the Soviet freighter.

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## Gandhi takes control of Congress (I) Party

NEW DELHI (Reuters). - Prime Minister Rajiv Gandhi warned yesterday that domestic "terrorists" and outside forces were trying to destabilize India.

In a rousing call to leaders of the ruling Congress (I) Party, Gandhi said they must keep the nation united following his mother's assassination.

Gandhi, 40, made the appeal after the party unanimously voted him its new leader, ending speculation ab-

out a rift between his youthful supporters and veteran politicians.

Gandhi, who is expected to announce the date of national elections within the next week, lashed out at opposition political parties.

"Opposition parties, instead of trying to understand the implications of the dangers to our country, have tried to make the country weak by their utterances," he said.

Gandhi's election as president of

Congress (I), a post held by his mother, gave him an iron grip on the party. The decision was made at a meeting of regional leaders and chief ministers of Congress (I)-ruled states.

After the meeting Gandhi appointed his two closest associates, Arun Nehru, a cousin, and school-boy friend Arun Singh, both in their early 40s, to the key administrative posts of general secretary and parliamentary secretary.

## 'Ethiopia is not the only country with famine'

GENEVA (AP). - The UN Children's Fund (Unicef) yesterday called on the international community not to ignore famines in other African countries because of the focus on Ethiopia.

Ulf Kristofferson, Unicef's emergency desk chief, said despite all the aid that has poured into Ethiopia in the past weeks, donor countries should not sit back and think they have done all that is needed.

"We are extremely concerned. You take Chad - we had reports last Friday from our representative there who gave a picture that the situation is as bad in Chad today as it is in Ethiopia, or maybe worse," said Kristofferson.

"You take Mali, you take Angola. Let us not forget these other countries, just because there has been such a response to Ethiopia," he added.

Mary Raelis, Unicef's director-

general for East Africa, referring to the numerous appeals coming from UN agencies for famine aid for Africa, said: "If there are a lot of appeals, it's because the situation is so terrible."

"I think that really is the problem we face. How do we get the world to understand the nature of the calamity without tuning it out? It's there. Those of us who are there and see it, have that sense of urgency," she added.

## Chinese president begins first visit to western Europe

MADRID (Reuters). - Chinese President Li Xiannian began his first visit to western Europe yesterday when he arrived in Madrid for an Iberian tour aimed at improving ties with the West and attracting foreign capital.

Li's official visit is also the first by a Chinese head of state to Spain since the two countries established diplomatic relations in 1973. The Chinese president will spend four days here and then travel to Portugal.

Chinese Embassy officials said the Madrid visit was part of Communist China's economic liberalization programme encouraging foreign investment and small-scale private enterprise.

The two countries are expected to sign a trade and technological cooperation accord.

## More Turks shot in France

CHATEAUBRIANT, France (Reuters). - Two men were killed and five people injured when an unemployed man burst into a Turkish tea-room in western France on Sunday night and fired on a group of immigrant workers, police said yesterday.

The attack took place only 24 hours after a Turkish trade unionist was killed and another injured during a shooting incident in a factory near Paris.

Police said a 22-year-old man had been arrested in connection with the shooting here. Seven shots had been fired from a hunting rifle at the customers who were all Turkish immigrant workers. Police said the suspect Frederic Boulay, had told them

he did not like foreigners.

Following the killing of the trade unionist, the communist-led CGT trade union yesterday called for a nationwide work stoppage to protest against the shooting which broke out when employees tried to occupy the factory to stage a hunger strike. The CGT urged workers to stop work for at least 15 minutes today.

The factory owner, his two sons and three managerial staff were being held by police for questioning.

Witnesses said about 50 shots were fired after the workers, mostly Turks and all members of the CGT, tried to enter the family-directed plant to protest against redundancy plans.

## Gunmen kill four in Philippines attacks

CAGAYAN DE ORO, Philippines (Reuters). - Communist guerrillas killed four people in attacks in a town in the southern Philippines, yesterday, the military said.

A group of about 100 rebels attacked the town hall at Bantagan, in Bukidnon Province on Mindanao Island, and killed a constabulary soldier, a militiaman and a security guard, a military spokesman said.

The rebels then paraded a soldier and a militiaman around the town asking residents if either had abused civilians. When the rebels were told that they had not, the men were set free, the spokesman added.

Another group of 50 guerrillas attacked a security guard and raided police stations to steal firearms, he said.

## 'Baby Fae' survives heart rejection

LOMA LINDA, California (Reuters). - Four-week-old "Baby Fae" was said to be feeding and sleeping normally after fighting off what doctors described as a mild attempt by her body to reject her baboon heart.

"Sunday was probably the best day of her life so far," a spokeswoman at Loma Linda University Hospital said.

Doctors said Baby Fae, who received a baboon's heart at the hospital 17 days ago because her own

was undeveloped, had shown signs on Friday and Saturday of rejecting the organ.

But by Sunday she appeared to have recovered, they said.

"Baby Fae, who has now lived longer with her transplanted heart than with her own heart, is vigorous, alert and sleeps soundly between feedings," the spokeswoman said.

"The doctors had been expecting a rejection attempt and she got through it very well," she said.

## Tavern with cobwebs is 'perfect pub'

LONDON (Reuters). - A 300-year-old stone-built tavern with bare light bulbs, faded carpets, smoke-stained walls, and paint-flaked beams was named yesterday as Britain's "perfect pub".

Owners of the Yew Tree Public House at Caudon, on the North Staffordshire Moors in central England, say it has not been decorated for 25 years and the cobwebs are

genuine, although they do admit to having put in central heating 12 years ago.

The *Good Pub Guide*, a yearly listing for serious drinkers, said of the Yew Tree: "It couldn't be improved upon."

The 1984 award was shared with another tavern, the White Horse, near Petersfield, in south England.

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# The need to remember

By ERNIE MEYER / Jerusalem Post Correspondent

THE NAME "Wannsee" represents an area in Berlin unless your historical consciousness includes one of the most fateful events of the Third Reich, as far as European Jewry was concerned. It was the Wannsee Conference on January 20, 1942 that gave birth to the Final Solution to the "Jewish problem."

The decision ultimately led to the Third Reich's concentrated efforts to exterminate the Jews, and Yad Vashem's Binyamin Armon, for one, wants the building where the fateful decision was made to be turned into a place of commemoration. Armon is director of information at the Yad Vashem Holocaust Martyrs' and Heroes' Remembrance Authority.

"This building should be taken out of private use and become the home of documentation of the destruction of European Jewry. It should be treated as was the house on Stauffenberg Street in Berlin, which contains a marvellous permanent exhibition recording the revolt of German officers and their attempt on Hitler's life in July 1944."

At the Wannsee Conference it was decided to coordinate the activities of the German Reich Ministries, the Nazi Party and the SS in the Final Solution. The conference was convened by the SS second-in-command, Reinhard Heydrich, following Hermann Goering's letter of July 31, 1941, charging him with preparing the "complete solution of the Jewish question."

Originally set for December 9, 1941, the conference was postponed, because of the Japanese attack on Pearl Harbour. Details of its deliberations became known from minutes prepared by Adolf Eichmann and from post-war interrogations.

Heydrich provided statistics that referred to eleven million Jews. His figures were not always correct and included the Jews of Britain. He euphemistically explained the practical measures: evacuation to the East for an alleged "labour effort," during which a great number of evacuees would be "liquidated" by natural causes. The most resistant



SS second-in-command Reinhard Heydrich, the man Hermann Goering charged with preparing "the complete solution of the Jewish question," would have to be "treated suitably."

Europe was to be combed out from West to East.

THE HOUSE, with its 30 rooms and large surrounding park, is a small castle rather than a villa. It is located at a beautiful lake in the southwestern part of Berlin, a few kilometres from Potsdam. It was built in 1914 as the stately home of an industrialist, and in 1940 it was sold to the SS.

After World War II it was occupied first by the Red Army and later by American troops. The Americans then gave it to the Social Democratic Party (SPD), which used it as an educational centre. In 1952 it was sold to the City of Berlin and has since been used as a holiday home for workers' children.

In the 1960s the president of the German Bundestag, Dr. Eugen Gerstenmaier, suggested that the building be torn down in order to eradicate the memory of the Wannsee Conference.

On the other hand, there have been considerable efforts to establish the villa as a research centre on the Nazi period. One proposal envisioned it becoming a library with a collection of microfilm documents on the Holocaust.

In 1966 a board of trustees was set up under the chairmanship of philosopher Karl Jaspers. Among its 76 members were Eichmann prosecutor Gideon Hausner, professors Alfred Grosser (Paris), Roman Karst (Warsaw), Golo Mann, Eduard Goldstuecker (Prague) and Melnikov (Moscow). It also included Bishop Kurt Scharf and the general secretary of the World Council of Churches, Willem A. Visser 't Hooft.

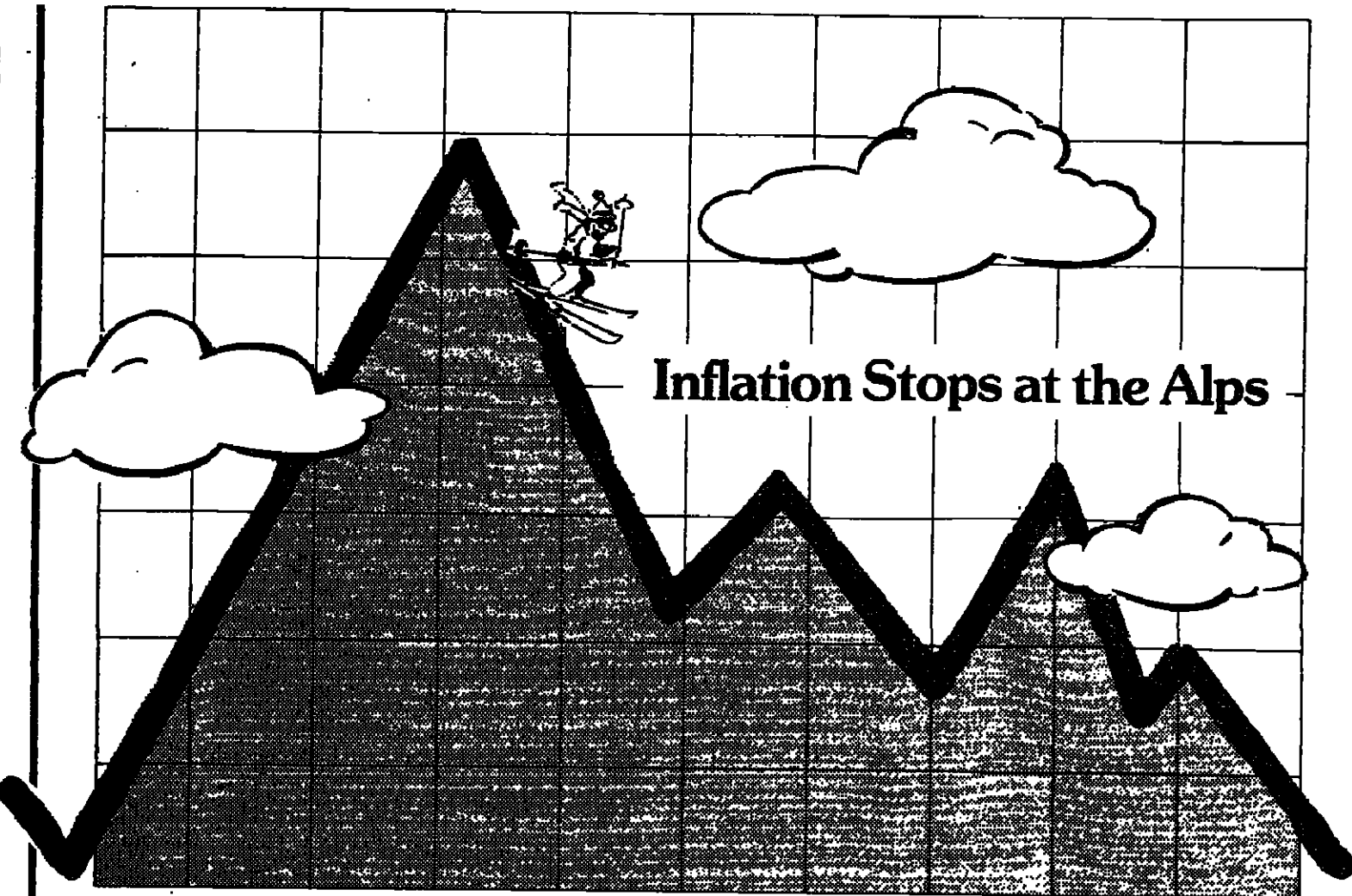
The driving force behind this committee was a former Warsaw resistance fighter and Auschwitz survivor, Joseph Wulf, who has written more than a dozen books on the Nazi period. Nahum Goldmann, then president of the World Jewish Congress, supported Wulf's struggle. But it didn't help.

The documentation centre was never established, the prominent board of trustees was dissolved and Wulf, a frustrated man, later committed suicide.

ON THE 40th anniversary of the Wannsee Conference in 1982, the head of the Jewish community in Berlin, Heinz Galinski, again called for turning the house into a documentation centre. The Senate of Berlin, at that time under the leadership of Dr. Richard von Weizsäcker, who is now President of the Federal Republic of Germany, promised to consider the matter. But nothing was done.

Subsequent Governing Mayors of Berlin have failed to do anything about the matter.

In 1987 Berlin will celebrate the 75th anniversary of its founding. Great plans are being made to mark the occasion. But it still remains for something to be done about the tragic part of Berlin's history that is symbolized by the Wannsee villa.



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(Edna St. Vincent Millay)

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## Sold-out marathons

JAZZ, ETC. / Madeline L. Kind

THE FINANCE MINISTER may be pleased to know that he can slap a ban on the import of jazz and the country won't suffer in the least. That is the happy conclusion one draws from last week's Israel Jazz Festival.

The sold-out marathons in Haifa, Tel Aviv and Jerusalem constituted something of an historic occasion, for I think it fair to say that for the first time in 2,000 years one Israeli jazz soloist or ensemble after another took the stage and demonstrated a level of competence and originality undreamed of only a few years ago by local fans.

Considerable credit should in fact go to the foreign artists who have performed here over the past four years in the international jazz festivals, and we really aren't advocating a freeze on their appearances. Their contributions have been inestimable in raising jazz consciousness among the public, in inspiring local musicians via their performances, seminars and workshops, and in encouraging the steady growth here of formal jazz education (Jerusalem's Rubin Academy of Music introduced jazz in 1980) and informal jams. The best measure of their impact was seen last week, when the Israelis took the stage themselves and showed what they can do.

The marathon was in marked contrast to the local jazz festival we witnessed, which was in 1982. Despite its good intentions, that affair, organized by Kol Yisrael, was notable for its poor pace, its ragged musicianship, its lack of originality and, above all, its avoidance of risk. Last week's gigs were a different story altogether.

If the marathon must be faulted in any respect, it would be for offering too much of a good thing. The first show, in promoter Avshalom Firjan's home base of Haifa, ran on till 6 a.m., and the Tel Aviv gig went almost as long. The Jerusalem finale ended at 3 a.m. — but only because it took an early start at 7 p.m.

YOUR REVIEWER did not back the whole show and does not apologize.



gize, for she has certain fixed rules: one hour maximum in a synagogue, two hours tops at a museum, three in a cinema if Redford's in the flick, six at a concert no matter who's playing. After that I can't absorb well enough to judge. The only consolation I can offer to the musicians on the latter part of the jazz bill is that I promise to catch them on their own at the next opportunity, which will be fairer to both of us.

As for those I did catch, I must begin by saying there was at least one performance that answered the reviewer's perennial prayer of discovering something really new and exciting, and that was the Eli Meiri Quartet. This young Tel Aviv band has a following with the Beit Leissin crowd and at other venues in the secular city, but was new to me in the capital, and all I can say is that I hope everyone else in the programme was paying heed. The four were as tight as an ensemble can be and individually as impressive as all get-out.

Gilad Atzmon on alto sax had the nerve to start off by breaking right into "My Favourite Things" — a tune on which Coltrane holds so many patents that most other reed men just steer clear. But Atzmon, who demonstrated one of the best sets of Jewish lungs seen in this country since Joshua's sidemen brought down the house in Jericho, gave the tune a totally fresh and uptempo reading.

Meiri on piano counterpointed with brisk and seemingly effortless lines. Drummer Oren Balaban and bassist Arye Volnitz maintained a no-nonsense rhythm section throughout the set, while on the closing number Volnitz suddenly sprang into what was probably the best bass solo in a long night that was hardly short on good bass playing.

BUT IF ANY instrument was in the ascendant at the marathon it was the piano. In addition to Eli Meiri's impressive work at the open-faced grand, a number of other performances stuck in the mind.

First among these was the solo by Jerusalem's Liz Magnes. She was intense, cerebral and richly inventive in long improvisatory explorations, coming up again and again with complex colours and sweet harmonies.

This was true even when she strummed the grand's exposed strings, a trendy bit of business that often does little more than titillate the audience and leave the instrument out of tune for the next pianist on the bill. But that was the next pianist's look-out; Magnes was magnificent, and that's what counted.

Yoni Rechter at the piano and Alon Olarchik on bass provided one of the most unusual outings of the evening with their premiere duet set. Rechter, one of our most accomplished songwriters, actually exhibited little at the keyboard that was outstanding in and of itself, but the

and had a highly engaging effect overall. The bit of Bartok sounded, well, academic, but very winning were the opening riffs on "Frère Jacques," and the passages where Rechter tinkled in the upper register while the former Kaveret bassist carried the melody.

The other up-front pianist of the programme was Zami Trubelsky, whose long solo improvisation earned that ultimate Israeli audience accolade, rhythmic applause. Trubelsky certainly deserved his points for ambition and for technique, but listening beyond both I found that his circular explorations led only to a grand romantic sweep that recalled nothing so much as the cloying Richard Clayderman.

Knowing that Trubelsky is capable of much better things, we'll put this down to one of those occasions where the inspiration simply failed to match the level of fingerwork.

AMONG THE pianos in the ensembles I especially liked Amar Mar Haim of Sof Ha'ona, who gave tricky leads in 7/4 and 10/4 to a very pleasant band. Aside from drummer Avon Polkov, who was troubled by a pedal cymbal that kept trying to leave the stage, and bassist Dafna Sadeh, who did her every thing in the first number, some very good sounds were laid down.

In tandem Gabi Frank's trumpet naturally enough tended to swamp Harold Rubin's clarinet, but each was clean and crisp in solo. Other highly respectable horns and reeds showed up later in an otherwise unidentified duodecet (look it up) that survived a loose jam structure on the strength of good clean blowing.

Centrepiece of the evening was singer Nurit Galron, who again set the audience into lockstep pounding of the palms. Few sabra singers take the risks that Galron rises to, and she is to be commended for that. But the fact is that with Jerusalem the third concert of the week, her voice had lost its staying power.

She was on top in her by now patented opener of "Perdido," but when it came to her second Ellington choice, "Sophisticated Lady," Galron was defeated by the melody's complex demands (leave aside the lyric which had her "eating and drrreeneking").

Galron rallied for "Blusette" — the lady does have considerable upper register yodel power — and took a nice turn with sax player Morton Kamm in the style of Cleo Laine and John Dankworth. But her "Twisted" was unintelligible, the attempt at Swingle Singer Bach cost her the last shreds of her voice, and the samba at the end was simply a shambles.

But even in such occasional slips this programme made a point: if their reach was higher than ever, Israeli jazz personnel today also have more in their grasp than ever

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## Young couples won't take on mortgage burden Severe slump in new flat sales

By MACABEE DEAN  
Jerusalem Post Reporter  
TEL AVIV. - It's a "buyers' market" in new flats. "Sales are down and steadily falling," says Zvi Fridman, an official of the Federation of Contractors and Builders, a roof organization of about 2,000 firms.

"Contractors are leaning over backwards offering favourable terms." There are some 5,200 flats up for sale within Israel proper and in the West Bank. "But the takers are few and far between."

He puts the blame on several facts. Immigration is in the doldrums, and although there are some 4,000 families in absorption centres, nearly all are looking first to find a place to work. Only then do they pressure the authorities into initiating the steps which eventually will give them the keys to their new home.

Young couples prefer to live with their parents or to rent a flat. "They simply cannot raise the money to buy a flat and cover the monthly linked mortgage payments."

The lowest prices are in the Netanya, Rishon LeZion and Ashdod areas, but prices are falling even in Petah Tikva.

The only solution, Fridman thinks, is for the government to sell the enormous amounts of land at its disposal at cheap rates and thus to lower the total price of a flat.

Is there a crisis in the building trades?

According to David Stern, president of the federation, there not only is a crisis, but a very severe one. Figures produced by the federation show that building starts totalled 5,780,000 square metres in 1981. This dropped to 4,720,000sq.m. in 1982, rose slightly to 4,740,000sq.m. in 1983 but then fell in the current year.

The first projection of the federation was that there would be building starts of only 3,500,000sq.m. this year. Later projections increased the floor space to 3,700,000sq.m. and then to 3,900,000.

Despite this, the Kibbutz Industries Association says that total building starts in 1984 will reach 4,000,000 square metres. But even this is a far cry from the 4,740,000sq.m. of 1983.

Stern thinks that unless the government steps in and begins to help the industry (which seems unlikely during the three-month package deal), the contractors will have to fire workers. He is even threatening to call them out on strike.

At present, the 2,000 contractors employ about 120,000 persons. About 40,000 of these do not do actual physical labour, but rather provide services for the industry. Of the remaining 80,000 about 35,000 are

Arabs. And these Arabs are further divided, almost equally, into Israeli citizens and those who cross over daily from the West Bank and the Gaza Strip.

Undoubtedly members of the last group will be the first to be fired, but no one wants to admit this.

One solution has been adopted by about 40 contractors, especially by those possessing considerable quantities of heavy equipment. They have gone abroad. They are working in such countries as Liberia, Nigeria, the Ivory Coast, Cameroon, and the Philippines - as well as New York City. Here, Soli Boneh is erecting a high-rise commercial building, and is planning others.

Thus, some 2,000 Israelis (including their families) are working abroad, employing tens of thousands of others. It is estimated that their annual turnover is about \$500 million. Of this, Soli Boneh accounts for a big chunk.

"Working abroad is not the ideal solution, although in a way it constitutes export and is a foreign currency earner," says Fridman.

"The solution is to renew building activity in Israel. The past has taught us one thing. Every time there is a building slowdown, something suddenly happens which creates an enormous demand for new flats. Nobody knows when this will happen, but when it does, the demand for flats will burst forth like a geyser."

## Award marks Saudi agricultural boom

ROME. - Agriculture has become the fastest-growing sector of Saudi Arabia's economy, Saudi Agriculture and Water Minister Abdullah Bin Abdul Aziz Al-Sheikh said here.

Speaking at the headquarters of the UN Food and Agriculture Organization (FAO), he said annual Saudi wheat production had increased from only 3,000 tons eight years ago to 1.3 million tons today.

He described the increase as "an astounding accomplishment in a desert country, and as a result the kingdom had now become self-sufficient in wheat."

Al-Sheikh was presented with a FAO certificate of merit, marking Saudi achievements in agriculture by the organization's director-general, Edouard Saouma.

In a speech of thanks the minister said the award would encourage his country to extend self-sufficiency to other agricultural crops. Saudi Arabia was on the verge of self-sufficiency in milk products and vegetable production, and had achieved a surplus in egg and chicken production, he stated.

## Turkish bank automates

ANKARA (Reuters). - One of Turkey's leading banks, Turkiye SS Bankasi, has signed contracts totalling about \$30 million with three companies for branch automation equipment, a spokesman said yesterday.

He said the bank would link more than 200 of its 904 branches directly to mainframe computers in Istanbul, Ankara and Izmir in a five-year project. Nixdorf Computers of West Germany will provide terminals, printers and other equipment for about 40m. Deutschmarks (\$13.5m.). IBM will supply mainframes worth \$14.5m. and the U.S. firm Motorola-Codex will deliver telecommunications systems worth some two million dollars.

The agreement is part of a joint venture between Turkey's Tusa Aircraft Co. and General Dynamics to co-manufacture F-16 military jets here.

Under the agreement the U.S. company also promises to bring in new technology and to develop side industries to complement the aircraft industry to be set up.

## Mexico's oil earnings fall sharply

MEXICO CITY. - Mexico has lost about \$100 million in oil export earnings since the current oil market crisis began, according to a National Bank of Mexico study.

However, the study supported the government's decision to cut November oil exports by 100,000 barrels per day (b/d) and expressed

## Is capitalism creeping up on communist Russia?

By MACABEE DEAN  
Jerusalem Post Reporter  
TEL AVIV. - The Russian authorities are "experimenting" with economic projects that closely resemble a highly modified form of capitalism. This is the impression brought back from a trip to Russia by Israel Meidan, director-general of the Israel Productivity Institute, and Dr. Theodore Weinshall, professor emeritus of business administration at Tel Aviv University.

Both are members of the International Academy of Management (the only two Israelis who are members), an association which includes experts from both the West and the East.

As western experts they were invited to both Moscow and Erevan, the capital of Russian Armenia as guests of the USSR Council of Ministers for Science and Technology, and the Soviet Institute of Systems Analysis.

"The purpose of the meeting in the USSR was to draw up an accurate comparison of the socialist and capitalist systems in regard to current management thinking," Meidan notes. "We learned from our Soviet colleagues that they feel they are at the crossroads with their present economic system." They think there is a tremendous gap between supply and demand, that the motivation to work is at a low ebb, and that their



Israel Meidan



Theodore Weinshall

management systems require re-examination. They initiated a large-scale economic experiment early this year.

However, both Meidan and Weinshall point out that an "experiment" does not necessarily mean that the results will be adopted, but it does mean that the Soviets are keeping their options open.

Meidan quotes directly from a speech (delivered in English, the

language of the conference) given by G. M. Gvishiani, Deputy Chairman of the USSR Council of Ministers for Science and Technology.

"For the purpose of this experiment, a number of our industries, including heavy and transport engineering, electrical engineering, food processing and light industry, were elected. The main purpose was to bring more life into the activity of working teams, and getting them to

utilize resources better." To this end the enterprise groupings are being granted wider authority in the formulation of plans, the expansion of production and the utilization of wages, capital, and profits.

Gvishiani's lecture goes on to mention "decentralization" (much less central control from Moscow), the introduction of the "profit motive" and the judging of enterprises by their profitability.

Both Israelis point out that the "Russian experiment," as they call it, is part of the changes pervading the entire eastern bloc, where there is a gradual transition from central government planning to the granting of local initiative. This has already taken place in Yugoslavia and Hungary as well as in East Germany.

Weinshall, who speaks Russian, said that their Russian hosts were more than affable, and definitely open to questions which they answered fully and without evasions. He got the definite impression that many of the Russians had great admiration for western methods.

The Israelis were highly pleased with the treatment they received in the USSR, which often resembled that given to VIPs. Moreover, their visas were sent to Ireland, and thus they avoided the customary bureaucratic run-around which Israelis get in Vienna.

## Jaguar workers end costly strike

COVENTRY (Reuters). - Workers at Britain's luxury carmaker Jaguar returned to work yesterday, resuming production at the company's plants after a nine-day strike.

But production at state-owned Austin-Rover remained at a standstill, as a majority of the company's 28,000 workers continued a one-week-old strike to back demands for a 20 per cent pay raise.

A wave of labour unrest over wage claims has been plaguing the British car industry in recent weeks.

## Sino-U.S. grain pact dead, total imports cut

PEKING (Reuters). - China's pact with the U.S. to purchase guaranteed quantities of grain is effectively dead with Peking expecting another record harvest this year, diplomats said this week.

A foreign trade ministry spokesman said that talks with Washington over the pact are continuing. But other officials indicated China would not import a total 8.2 million tons of grain necessary for it to meet purchasing commitments for 1983 and 1984 under the pact reached in 1981.

China's increasing ability to feed its one billion people will also affect Australia and Canada, the other major grain suppliers.

## Seminar on direct U.S.-Israel sales

TEL AVIV. - The seminar this Thursday on methods of implementing the "Memorandum of Understanding" between Israel and the U.S., on the direct sale by companies of one country to the other country's armed forces, has attracted a record registration.

Sponsored jointly by the Israel-American Chamber of Commerce and the Commercial Department of the American Embassy in Tel Aviv,

some 170 businessmen had applied to attend by yesterday evening. However, the U.S. embassy auditorium only holds about 100 persons, and another 20 persons will try to be squeezed in. The remaining 50 will be on stand-by.

TRADE TALKS. - A high-level Soviet trade mission arrived in New Delhi this week for talks with leaders of India's state-run and privately-owned industries.

## ENTERTAINMENT

### TELEVISION

**EDUCATIONAL**  
8.15 School Broadcasts 15.00 Everyman's University: Classical Music: Russian Literature of the 19th Century: 16.00 Roshni: 16.30 No Secrets 17.00 A New Evening - Five magazine  
**CHILDREN'S PROGRAMMES**  
17.30 The Canal Children - children's drama, Part 4: Gumpowder  
18.00 Foster, Higher, Stronger - sports  
**ARABIC LANGUAGE** programmes:  
18.30 Youth Magazine  
19.00 Documentary  
19.30 News  
**HEBREW PROGRAMMES** resume at 20.00 with a news roundup  
20.00 What a Piece - TV game  
20.30 Kolbotek - consumer magazine  
21.00 Mahat Newsworld  
21.30 Second Look - news commentary and background  
22.10 Rumpole of the Bailey, starring Leo McKern: Rumpole and the Last Resort  
23.00 Tales of the Unexpected: Down among the Sheltering Palms  
23.25 News  
**JORDAN TV** (official):  
17.30 Cartoons 18.00 French Hour 18.30 (JTV) Science Film 19.00 News in French  
19.30 News in Hebrew 19.45 Magazine  
Zero One 20.00 News in Arabic 20.30 Tom Dick and Harriet 21.10 Tenko 22.00 News in English 22.15 The Yellow Rose  
**MIDDLE EAST TV** (from T.A. north):  
13.00 Westworld Hospital 13.30 Another Life 14.00 700 Club 14.30 Shapno-up 15.00 Aladdin Motel 15.30 Solidarity 16.00 Popeye 17.30 Flying House 18.00 Bonanza 19.00 Ripside 20.00 Another Life 20.30 News 21.00 Lucy 21.30 White Shadow 22.30 1 Spy 23.30 700 Club 24.00 News Update 00.30 Eveonline

### First Programme

6.05 Programmes for Olim  
7.30 Morning Concert (from Voice of Music)  
9.30 Encounter - live family magazine  
10.30 Programme in Easy Hebrew  
11.10 School Broadcasts  
11.30 Education for all  
12.05 Sephardi songs  
13.00 Look - news commentary  
13.30 News in French  
14.06 Children's programmes  
15.00 Education for all  
15.30 News on a New Book  
16.05 Religious Affairs Magazine  
17.12 Jewish Ideas  
17.30 Everyman's University  
18.05 Afternoon Classics  
18.30 Education for all  
19.05 Talmud Lesson  
19.30 Programmes for Olim  
22.05 Two by Two

### Second Programme

6.12 Gymnastics  
6.30 Editorial Review  
6.52 Green Light - drivers' corner  
7.00 This Morning - news magazine  
8.05 Safe Journey  
9.05 House Call - with Rivka Michaeli  
10.10 All Shades of the Network  
12.10 Open Line - news and music  
13.00 Midday - news commentary, music  
14.06 Midday Interview - with Gati Gazit  
15.05 Magic Moments - favourite old songs  
16.10 Safe Journey  
17.10 Economics Magazine  
17.30 Of Men and Figures  
18.06 Health and Medicine Magazine  
18.45 Today in Sport  
19.05 Today - radio newsworld  
19.30 New World - environment magazine  
20.05 Cultural Requests  
22.05 Folk songs  
23.05 Quiz - introduced by Shmuel Rosenne

### ON THE AIR

#### Voice of Music

6.02 Musical Clock  
7.07 Vivaldi: Concerto Grosso; Mozart: Cello Sonata; Geminelli: Violin Sonata  
9.30 Borodin: Polovtsian Dances; Tchaikovsky: Capriccio Italien; Ravel: Duo for Violin and Cello; Bach: Triple Concerto; Beethoven: Concertation of the House; Beethoven: Piano Concerto No.1; Brahms: Clarinet Quintet  
12.00 Frescobaldi: 11 Partitas (Edith Ficht-Alexander); Dvorak: Serenade, Op.44; Brahms: Paganini Variations, Op.35 (Allan Smeadow)  
13.05 Lalo: Le Roi d'Ys, excerpts (Radio France, Andre Chryten)  
14.05 Mahler: Die Welle (repeat)  
15.35 Little Concert  
16.00 Youth Programme  
16.30 Mira Zakai, alto: Michael Ellison, piano - Faurer, Op.49; Elgar: Sea Pictures, Op.47; Mahler: 6 Songs; De Falla: 6 Spanish Folk songs  
18.00 From the Record Library Shelves  
19.05 Schubert: Introduction and Variations on Diabelli, Op.160 (Kampal, 1978)

#### Army

6.10 Morning Sounds  
6.30 University on the Air  
7.07 "707" - with Alex Anski  
7.05 Morning News  
9.05 Roshni - with Rafi Roshni  
11.05 Israel Update - with Eli Yehonatan  
12.05 Regards - to and from soldiers serving in Lebanon  
13.15 Top  
15.05 Time Out  
16.05 Four in the Afternoon  
17.05 Evening News  
18.05 Computer Magazine  
19.05 Music Today - music magazine  
20.05 Rock Plus  
21.00 Mahat - TV Newsworld  
21.30 University on the Air (repeat)  
22.05 Popular songs  
23.05 Classical Night Birds - with Pinchas Zlotnik  
00.05 Night Birds - songs, chat

### CINEMAS

**JERUSALEM 4, 7, 9**  
Eden Angel: Ninja III; Hishbi: Bolero; Kfir: Maria's Lover; Mikiel: Le Gazon 7, 9; Orly: Paris-Texas 4, 6, 30, 9; Ofar: Against All Odds 4, 6, 5, 9; Ofar: Far Pavilions 4, 6, 5, 9; Ofar: Beyond the Wall; Semadar: Bull Shot 4, 5, 15; Beyond the Wall: Top Secret 7, 9; One Bridge on the River Kwai 4, 1001 Lies About Picasso 7; The Music Lovers 9; Clemence: The Aristocrats 4, Mon Oncle 7; Bad Timing 9, 30; Israel Museum: Honorary Consul 6, 8, 30

**TEL AVIV 4, 6, 7, 9, 15, 23, 30**  
Albany: Ninja III; Ben-Yehuda: Woman in Red; Chen 1: Splash 4, 6, 7, 30, 9, 45; Chen 2: Reuben Reuben 4, 6, 7, 30, 9, 45; Chen 3: Remembrance of the Others 4, 6, 7, 15, 23, 30; Chen 4: Big Chill 10, 31, 1, 30, 5, 7, 25, 9, 45; Chen 5: Police Academy 10, 30, 1, 30, 5, 7, 25, 9, 45; Chen 6: One Crazy Summer 4, 6, 7, 30, 9, 45; Chen 7: The Survivors 7, 15, 23, 30; Drive-In: Sawa Lake 5, 30; Giv'atzei 7, 30, 9, 30; Sex film, 12 midnight; Roshni Angel; Gati Carmel 3, 30, 6, 30, 9, 30; Giv'atzei: The Heart 4, 6, 7, 10, 9, 30; Giv'atzei: Top Secret; Lev 1: Mahler: 6 Songs; De Falla: 6 Spanish Folk songs; Lev 2: Duty Free Marriage 1, 4, 5, 7, 30, 9, 45; Limer: Killing of America; Moshé: L'oiseau (de Moshé); Moshé: Deadly Force; Ofar: Racing with the Moon; Paris: Another Time, Another Place 12, 2, 4, 7, 15, 23, 30; Paris: Harry and Sam; Shabat: Maria's Lover 4, 6, 7, 30, 9, 45; Shabat: Daniel 4, 30, 7, 9, 30; Tchelet: Duck Story; Tel Aviv: Bolero; Tel Aviv Museum: Le Gazon 7, 9; Orly: Paris-Texas 4, 6, 30, 9, 45; Tel Aviv: Far Pavilions 4, 6, 5, 9, 30; The Boat is Full 8, 30; Institut Francaise: Les Enfants du Paradis 7, 30

**HAIFA 4, 6, 4, 9**  
Amphitheatre: Deadly Force; Armon: Remembrance of the Others; Armon: An Interesting Life Story; Chen: Splash; Hishbi: Cannon Ball Run II 7, 9, 30; Ofar: Woman in Red; Ofar: Hard 6, 30, 9, 30; Beyond the Wall: Top Secret; Shabat: Paris-Texas 6, 30, 9, 15

**RAMAT GAN**  
Armon: Beyond the Wall 7, 15, 9, 30; Sea Wolf 4, 30; Top Secret 7, 15, 9, 30; Ofar: Splash 4, 30, 7, 15, 9, 30; Ofar: Zigzag Story 7, 15, 9, 30; Ramat Gan: L'addition 7, 30, 9, 30

**HERZLIA**  
David: Funny People II 4, 30, 7, 15, 9, 30; Hishbi: Bolero 7, 15, 9, 30; Tchelet: Beyond the Wall 7, 15, 9, 15

**BOLON**  
Mishal: Splash 7, 15, 9, 30; Savoy: Bolero 4, 30, 7, 15, 9, 30

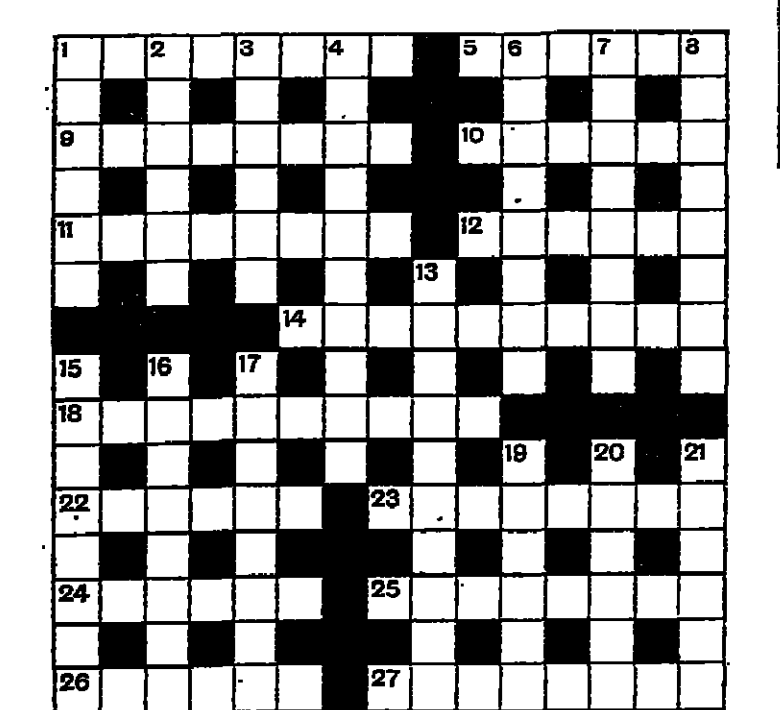
**RAITAM**  
Armon: Bolero 4, 30, 7, 15, 9, 30



## ONE-AND-ONE CROSSWORD

**ACROSS**  
1 Fighting adversary (8)  
5 Fraudulently used in the Post Office (6)  
9 In other words they're analogous (8)  
10 Six-footer commonly capable of a crushing blow (6)  
11 A slender representation revealing the artist (6)  
12 Gardening suit? (6)  
14 & 22 What retiring captains are said to do (7, 5, 6)  
15 actually in salty style (10)  
22 See 14  
23 Newcastle United? Yes you can bank on it (8)  
24 Justice in which players take part (6)  
25 Rose might go to pot when nitrate mixed in (3, 2, 3)  
26 Stable boy friend? (6)  
27 Welsh rugby team taking the game to North Dakota (8)

**DOWN**  
1 Instrument you may get for a pound (6)  
2 Dogged, as it were, about a number (6)  
3 Couldn't be better having 25 in hand (6)  
4 Lightweight apparel for a tot? (6, 4)  
6 A 2 specimen with another 4 footer! (8)  
7 Currently sorts out a small department (2, 4, 4)  
8 Veronese (8)  
13 Room likely to be discovered on the Yorkshire uplands (6, 4)  
15 Tell-tales on foot (8)  
16 Flat in America (8)  
17 Made a quick response over the fence? (8)  
19 Back in quick time (6)  
20 Wearer of a pleated skirt - and maybe like it (6)  
21 Rudderless deep-sea wreck sprang a leak (6)



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# Money Matters

Tuesday, November 13, 1984 The Jerusalem Post Page Seven

(Continued from Page One)

Sommer and Irving Ludwig Jesselson and Irving Field. These and the other members, and indeed, most of the board of Ampal were self-professed close personal friends of Levinson.

Only five members of the 20-person board are Hapoalim personnel, and with chairman Reiner voting with the majority on Sunday, the remaining four Hapoalim members found their attempts to have the discussion of the report deferred, or even to have their own written reservations to the report's conclusions heard, decisively rebuffed. At that stage they left the meeting, and reported back to Gazit in Tel Aviv.

The special counsel's assignment from the independent committee was to investigate the allegations of improper trading in Ampal securities and of the diversion of corporate business opportunities from Ampal to USI, a Delaware-registered investment company which Levinson headed at the same time that he was chairman of Ampal. Ampal's summary of the report said that "the independent committee reiterated prior findings, contained in a report by the (Hapoalim) special counsel rendered in June, that certain open market and private purchases of Ampal's shares made between 1981 and early 1983, were carried out by the persons responsible for the company's disclosure and other requirements of U.S. federal securities laws."

However, the committee concluded that "the trading in question was not carried out for the benefit of Ampal," and that "there was no evidence to indicate any improper

## LEVINSON

trading activity other than the purchase described above."

It further stated "that it was unable to confirm...the previously disclosed conclusion of the bank's special counsel, that the purchases in question were coordinated and directed by Levinson and Haim Bergstein (then joint managing director of Hapoalim and a vice-president and director of Ampal), or (to confirm) what their role may have been in regard to such purchases."

It is this paragraph which is apparently being used as the basis for the claims made by Levinson's supporters, and aired on TV last night by the late banker's brother, Yo'av, that Ya'acov Levinson was innocent of any wrongdoing. "The family now sees its fight to clear Levinson's name as over," he said.

Gazit, however, vehemently rejected any such interpretation, noting that the Ampal investigation was not supposed to investigate Levinson and his activities, only the role of the company.

The special counsel appointed by Hapoalim, and taken from the prestigious New York law firm of Rosenman, Colin, Freund, Lewis and Cohen, submitted their report in June this year. In it they decisively conveyed their opinion that Levinson and Bergstein were the people who conducted the Ampal trading.

Gazit further revealed that an additional report from the Rosenman Colin firm received just one week ago, reconfirmed this conclusion. He also noted that this conclusion was not rejected by the Ampal special counsel - itself a well-known

## legal firm, Fried, Frank, Harris, Shriver and Kampelman.

In the Rosenman Colin letter of November 5, 1984, Hapoalim's special counsel says that their additional interviews and researches of documentation "fully supports the findings and conclusions of our June 5 report - that the unauthorized Ampal trading activities were conducted by Levinson and Bergstein for the benefit of persons other than the bank and in a manner to preclude their discovery by the bank."

In the other matter under investigation by the Ampal committee's counsel, the transfer to USI of an option to buy a stake of the Granit investment company, the conclusion was that Ampal was not injured thereby since it had not been in line to obtain the option.

While accepting this, as far as it goes, Gazit claimed that the injured party in the Granit option deal had been Hapoalim and not Ampal, which had, indeed, never been a potential buyer. Here again, he claimed, a minor issue had been blown up out of proportion, since no-one had ever claimed that Ampal had been the injured party.

At the Ampal meeting, which was held to receive the report, the majority insisted on accepting the report without discussion, despite the written memorandum, running to 32 pages, prepared by the Hapoalim representatives and aimed at raising all the bank's objections and reservations to the conclusions drawn by the Ampal special counsel. Furthermore, he also noted that this conclusion was not rejected by the Ampal special counsel - itself a well-known

studied more intensively were also rejected, and this led to the walkout by the Hapoalim men, with the notable exception of Reiner.

In a statement issued after the meeting, Reiner stated: "Now that we have the benefit of the committee's findings as well as the legal analysis and recommendations of independent counsel, Ampal is in a position to focus its energies on the future."

To this end, the board authorized the first debenture offering since January 1984, totalling \$64m. At the same time, however, Ampal sharply cut its dividend to three cents on class A stock and 10 cents on preferred stock. This reflects the reduction in activity this year in the wake of the "Levinson affair" and its negative impact on the company which the late banker headed.

Gazit, however, had a very different message regarding Ampal's future: "All the plans to renew the growth of Ampal will have to be weighed again," said the Hapoalim general manager.

This, coupled with Gazit's promise to press charges "against individuals and companies" if the Israeli police investigation does not make more rapid progress than up to now, clearly indicate that a major clash between the two most senior figures in Bank Hapoalim is in the offing.

Gazit, in his performance before the press and on TV yesterday, has shown that he is taking off the kid gloves and adopting a far tougher and less restrained posture than up to now. The next moves in the "Levinson affair" may well be made quite soon, and if so, they will certainly cast more light on this drama, which continues to stir up the financial community and the Histadrut nine months after its major protagonist took his life.

## Bank shares change course

### Tel Aviv Stock Exchange

By PINHAS LANDAU

A new trend developed in yesterday's trading, when the group of bank shares covered by the "arrangement" with the Treasury began to move upwards, for the first time since Sunday a week ago. Index-linked bonds were also strong, but "free" shares were lower across the board.

Volume in the share market dropped to 151.2 billion, and volume rose to almost that amount, so that the pre-package deal pattern of lower share than bond turnovers is on the verge of being resumed. Within the share market, the split between "arrangement" and "free" market volume was about 55:45 per cent, respectively.

Bonds were easily the best performers of the day, with the general bond index advancing by 2.29 per cent. Index-linked bonds were almost uniformly strong, with dollar-linked bonds lagging far behind, as they gained only 1/2 per cent on the average.

Once again, it seems reasonable to ascribe the interest in the index-linked sector to the imminence of the publication of the October price index (this Thursday) and the continued prominence of reports of a very high figure being projected for the November index as well.

Whether the rises in index-linked bonds also reflect a scepticism as to the longevity and success of the price freeze is a more debatable point, since the foregoing assessment is more than sufficient justification in itself to "explain" the current gains.

Shares presented a split image, as so often in the recent past. In contrast to last week's pattern, however,

it was the "arrangement" shares which were on the up-escalator, while the rest were moving lower.

The small net gain eked out by the General Share Index was a trade-off between the one per cent rise in the "arrangement" sector and the almost two per cent drop in the non-bank index. Outstanding in the size of their falls, were the investment company index, down 3.05 per cent, industrial - off 2.33 per cent, and oils, which lost 1.97 per cent.

The peculiar status of the bank shares, whereby they are really government dollar-linked bonds without masquerading as company shares, was highlighted by the Hapoalim shares' performance. Despite the renewed flare-up of the "Levinson affair," and its associated power struggle within the bank - factors which would normally work to depress the share price - a large demand caused rises of 1-3 per cent in the bank's main shares.

Large falls were recorded in a number of recent market favourites. IDB Development continued to sink, this time by almost 10 per cent, in a possible reaction to the collapse of the company's attempt to gain control of the First International Bank through buying the Danot investment company. Danot itself also fell sharply. Clal Industries, Polgat

and Tefahot also featured prominently on the list of heavy losers for the day.

Overall, the ratio of declines to advances moved up to 2:1, with sharp losers ahead of sharp gainers by a margin of 5:2.

## MARKET STATISTICS

**Indices**  
General Share Index 533.45 +0.23%  
Non-bank Index 525.38 -1.07%  
Arrangement Index 642.30 +1.07%  
Industrial 438.92 -2.33%  
Bond Index 445.14 +2.29%

**Turnovers**  
Shares 151,208.5m.  
Bonds 151,177.8m.  
Totals 302,386.3m.  
Advances 232  
Declines 232  
of which 5% + 30  
of which 5% - 75  
"Buyers only" 8  
"Sellers only" 18

**Bond market trends**  
4% fully-linked: Rises to 6.5%  
3% fully-linked: Rises to 6.5%  
30% linked: Rises to 6.5%  
90% linked: Rises to 6.5%  
Double option: Rises to 6.5%  
Dollar-linked: Mixed to 2%

**Most Active Shares**  
Leumi 8800 1512.8m. +0.5%  
Hapoalim 15117.8m. +0.5%  
20320 15121.7m. n.c.

**Sharpest Moves**  
Lumir op. 12 +3 +33.3%  
Jaysour op. 120 +22 +22.5%  
Phoenix ISO.1 2760 +445 +19.2%

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3. Conditions of the tender as well as all other pertinent information can be obtained from Sunday, November 18, 1984 from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9.00 a.m.-12 noon, against a non-refundable deposit of IS 20,000.
4. A special tour of the construction site for contractors will be held on Tuesday, December 11, 1984, departing at 10 a.m. from the Engineer's office at the Municipality of Beersheba.
5. Bids should be submitted not later than 1.00 p.m. on Wednesday, December 26, 1984 at the address mentioned in paragraph 3 above.
6. This tender is open only to contractors registered in accordance with the Act regarding Registration of Contractors for the execution of Engineering and Construction Works 1968, such contractors to abide by requirements of the Act and to be eligible to carry out the works as specified.
7. The Agency does not undertake to accept the lowest, or any other bid.

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## Bank of Israel exchange rates

November 12, 1984	IS
U.S. dollar	538.97
British sterling	679.37
German mark	182.36
French franc	59.394
Dutch guilder	161.71
Swiss franc	222.07
Swedish krona	63.494
Norwegian krone	62.565
Danish krone	50.406
Finnish mark	86.980
Canadian dollar	—
Australian dollar	464.05
South African rand	308.26
Belgian franc (10)	90.084
Austrian schilling (10)	259.28
Italian lire (1000)	292.76
Japanese yen (100)	223.59
Irish pound	564.44
Spanish peseta (100)	324.61
Jordanian dinar	1351.3
Lebanese lira	70.450
Egyptian pound	433.87

## Municipal workers demand pay on first

Jerusalem Post Reporter

TEL AVIV. — Representatives of Israel's 70,000 local authority employees are to meet today to coordinate their fight to get their wages on the first of every month, instead of on the eighth or 15th.

The chairman of the local authority, Theodore Kaufman, said yesterday that the faction will launch a general campaign today to advance the workers' pay day. Kaufman would not say what measures the municipal workers will take if their demand is not fulfilled, but strike action wasn't ruled out.

Meanwhile, the Bnei Brak municipal workers' strike continued yesterday as efforts intensified to shut down kindergartens and emergency services. City officials were unsuccessful in their attempts to wrest financial backing from the major banks to pay workers' salaries.

## LONDON BANK RATES

November 12, 1984	prev.	close
Bank base rate	10%	10%
Call money	9 1/2%	10%
91 day treasury	9%	9%
3-months interbank	10%	10%

Lloyds Bank International, London

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12.11.84	per \$	per SDR
US\$ 1.2625/1.2630	per \$	per SDR
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Belgian FR 36.00/36.05	per \$	per SDR
French FR 6.55/6.60	per \$	per SDR
Italian Lire 1838.00/1838.40	per \$	per SDR
Spanish Ptas 166.64/166.68	per \$	per SDR
Yen 340.75/340.80	per \$	per SDR
DM 3.36/3.37	per \$	per SDR
Swiss 70.33/70.35	per \$	per SDR
SEK 4.66/4.67	per \$	per SDR
Norwegian 4.76/4.77	per \$	per SDR
Danish 16.46/16.47	per \$	per SDR
Finland 5.94/5.95	per \$	per SDR
Sweden 13.46/13.47	per \$	per SDR
Australia 1.49/1.50	per \$	per SDR
Canada 0.71/0.72	per \$	per SDR
South Africa 1.49/1.50	per \$	per SDR
Belgium 36.00/36.05	per \$	per SDR
France 6.55/6.60	per \$	per SDR
Italy 1838.00/1838.40	per \$	per SDR
Spain 166.64/166.68	per \$	per SDR
Japan 340.75/340.80	per \$	per SDR
DM 3.36/3.37	per \$	per SDR
Swiss 70.33/70.35	per \$	per SDR
SEK 4.66/4.67	per \$	per SDR
Norwegian 4.76/4.77	per \$	per SDR
Danish 16.46/16.47	per \$	per SDR
Finland 5.94/5.95	per \$	per SDR
Sweden 13.46/13.47	per \$	per SDR
Australia 1.49/1.50	per \$	per SDR
Canada 0.71/0.72	per \$	per SDR
South Africa 1.49/1.50	per \$	per SDR
Belgium 36.00/36.05	per \$	per SDR
France 6.55/6.60	per \$	per SDR
Italy 1838.00/1838.40	per \$	per SDR
Spain 166.64/166.68	per \$	per SDR
Japan 340.75/340.80	per \$	per SDR

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D.J. LIST		
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Allied Chem.	34 1/2	-1/8
Amer. Brass	62 1/2	+1/8
Amer. Can	49 1/4	+1/8
Amer. Exp.	56 1/2	+1/8
Amer. T & T	18 1/4	n.c.
Beth Steel	17 1/2	-1/8
Du Pont	47 1/2	n.c.
East Kodak	74 1/2	+1
Exxon	43 1/2	+1
Gen. Elec.	57 1/2	n.c.
Gen. Food	78 1/2	-1/8
Gen. Motors	57 1/2	+1/8
Goodyear	25 1/2	-1/8
Int'l Bus.	123 1/2	+1/2
Int'l Harv.	7 1/2	n.c.
Int'l Paper	51 1/2	-1/8
Merck	87	-1/8
Minnesota Mining	81 1/2	-1/8
Int'l Nickel	11 1/2	+1/8
Owens	40	+1/2
Procter Gam.	57 1/2	+1/2
Chrysler	23 1/2	-1/2
Sears	31 1/2	+1/2
Tesaco	34 1/2	+1/2
Union Carb.	50 1/2	-1/2
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## Mountains and molehills

AT LONG LAST there are signs of a possible thaw in the Israel-Egyptian "cold peace." There have certainly been more diplomatic contacts between the two countries in the two months since Shimon Peres's accession to the premiership than at any time during the two years since Cairo's recall of its ambassador from Israel.

Mr. Peres himself has conducted a series of intensive conversations with the Egyptian charge d'affaires, Mohammed Bassiouni. And last week Israel's ambassador in Cairo met with Egypt's premier and its foreign minister. Now Mr. Peres reveals that he has invited President Hosni Mubarak to confer with him on the two countries' common border. Mr. Mubarak, apparently anxious, if nothing else, to prove to the Americans that his present courtship of Arab allies is reconcilable with Egypt's undertaking towards Israel, has not turned the invitation down.

He has in fact replied that he would be sending a special envoy to meet with Mr. Peres shortly to prepare the ground for the talks. By which he must have meant extracting concessions from Mr. Peres in advance on specific issues in return for any readiness to lift the peace out of the deep freeze into which Egypt has relegated it.

The main issues on which Egypt and Israel are at odds have been listed, in Cairo, as Israel's withdrawal from Lebanon, the future of the Palestinians, and Taba.

Now on withdrawal from Lebanon the national unity government has made its commitment crystal clear, leaving little doubt that the current delay is due rather to obstructionism from Beirut and Damascus. On the Palestinians, the government has, even in the face of some sniping by Likud ministers, indicated its intentions by taking action to improve "quality of life" in the West Bank and Gaza.

What the Egyptians have principally set their minds upon is Taba. This sliver of real estate just south of Eilat, too tiny for a normal map, has been designated no-man's-land pending an agreement. It is still in dispute following Israel's evacuation of the whole vastness of Sinai. In Egypt, however, it has become something of a *cause celebre*. Most Egyptians must be persuaded that it constitutes an entire province, or at least a town.

The utter lack of any sense of its true size is reflected even in the grandiose official plans readied in Cairo for the day of what Egyptians would describe as Taba's recovery.

Egypt's undignified preoccupation with this speck of land, too small even to deserve a name of its own, has never been understandable, especially in the light of all the gestures of good will made by Israel in the course of the withdrawal from Sinai. For most Israelis, Egypt's picaresque insistence on this issue only raises questions about the quality of relations possible under such circumstances.

For during the past two years, this has been the only matter that the Egyptians have been willing to actively explore with Israel.

Mr. Peres, evidently, has a more tolerant view. And from his recent contacts, he has apparently concluded that agreement on Taba could play a key role in saving the peace with Egypt from death by refrigeration.

This suggests a change from Israel's previous position, shaped by the foreign minister and ex-premier, Yitzhak Shamir, which made Taba negotiations conditional on Egypt's prior consent to restore and advance normalization. It also assumes that there is no sufficient basis for the suspicion that Cairo has deliberately exaggerated the importance of Taba as a pretext to account for the denial of normalization.

The question is, how much would Mr. Peres be prepared to pay in order to confirm this assumption?

Israel's own interest in Taba is strictly practical: it has nothing to do with any claim of sovereignty, and it is limited to the small sandy beach and the Sonesta Hotel, which provides recreation facilities for Israelis and tourists, unavailable in jam-packed Eilat. A pragmatic solution, therefore, recommends itself, and the premier may have one ready to be unveiled. But until now the Egyptians have spurned any proposal that would not restore their sovereign rule to every last square inch of this "holy territory."

On the other hand they have not so far offered, and are perhaps unable to offer, any assurance that agreement about Taba would trigger a meaningful shift in Egypt's current attitude and policies regarding Israel.

Taba should be negotiated. But not if it proves to be the key to nothing but Taba itself.

## MED-DEAD

(Continued from Page One)

1981, the cabinet adopted the steering committee's proposed route for the canal - from Havel Katif in the Gaza Strip to Ma'ale Yair on the banks of the southern Dead Sea Basin. In April 1981, the cabinet voted to go further, and established the Mediterranean-Dead Sea Company Ltd., to build and otherwise oversee the project.

The cabinet specified that the task of the company would be to "plan, execute and operate" Med-Dead after it "initiates and supervises" the various pre-construction surveys, and "deal with the financial aspects of the project" as well as "build ancillary enterprises required by, or connected with," the Med-Dead Canal.

On the question of Med-Dead's economic feasibility, the State Comptroller informed the Knesset committee that the recommendations of the Mediterranean-Dead Sea Canal Company had met with substantial incredulity on the part of some experts.

For example, the director of the Economics Ministry's planning authority, and his deputy, claim that pumping Mediterranean water to maintain an average 300-metre level above Dead Sea level would cost just

as much as supplying an equal volume of fresh water for agriculture.

Another doubt raised was the cost - in economic terms - of the reduction in the salinity of the Dead Sea and its effects on the output of the Dead Sea Works' potash and other minerals. The Dead Sea Works' estimate of the economic harm was much higher than those presented by the Med-Dead Company.

Finally, the State Comptroller reminds MKs that the original government decision to allow the canal's planning specifically placed the task jointly in the hands of two ministers - Energy/Infrastructure and Finance. But, the State Comptroller found, the Finance Ministry had hardly been taken into the picture and it was therefore hard to understand how real progress could be made until this ministerial partnership is established.

With the Med-Dead project fading into the background because of the country's financial straits, the State Comptroller recommends that purchasers of Israel Bonds should be told that despite the identification of the Israel Bonds Organization with the Med-Dead project, there is no legal obligation by the state to bond purchasers to build the canal.

**THE ISRAEL EXPERIENCE**

All tickets for performances from 7 p.m. on Nov. 14, and from 8 p.m. on Nov. 15 have been sold. All other days, the Hebrew version at 10 a.m., 1, 2, 5, 6 and 8 p.m.  
The English version at 9 a.m., 12 noon, 2, 5, 6 and 9 p.m.

In the Old Jaffa Mall, 4 Pasteur St.

THE PACKAGE DEAL. Finance Minister Yitzhak Moda'i was reported to have said last weekend, "it is not the baby we expected." Indeed, it is not. There has been a baby switch: the one we got is deformed, but it must live and we must live with it.

From its inception, the deal was based on a wrong conception, and was then not properly thought out to its conclusion, let alone properly prepared. It was not conceived as an integral first stage in a broader, longer-term and consistent economic recovery programme. Its implementation ranged from the plain absurd through the heavy-handed to the near-fraudulent.

All that is true and easy to demonstrate. The temptation to prophesy like Cassandra is great. Nevertheless, the deal must be made to succeed. The reason is simple: failure will leave the government so bereft of credibility that the only policy options left will be so draconian as to endanger our very democratic system and risk tearing the social fabric to pieces.

BUT WHAT do we mean by "succeeding"? What was, could or should have been the objective of a voluntary wage-price freeze? And what can success mean now, if the actual deal that was signed was, from the outset, far from the goal it should or might have set itself?

What the economy needed, and still needs, for stabilization and recovery in the present crisis was a significant cut in real income and living standards that would last until a revival of economic growth would permit living standards to rise again.

Why by voluntary agreement? Not only because that is the democratic way, but because the alternative, of an equivalent depression of living standards by unilateral government decisions - or, worse still, by a catastrophic breakdown of the economy - would mean a much more drastic cut and would ride roughshod over any considerations of social justice and long-term economic efficiency.

Why a wage-price freeze, agreed voluntarily if not quite willingly, but backed by government controls? Because when the supreme arbiter of all economic and most social relations - the price mechanism - has been put out of action by an inflation running at 1,000 per cent a year or more, the market mechanism must be temporarily suspended. An artificially contrived stability must be imposed so that people are able to calculate rationally again, and so that the measures that must be taken to restore lasting stability can be implemented at all.

A WAGE-PRICE FREEZE is based on the assumption that if real wages are cut, the resulting contraction of aggregate demand will drag other incomes down as well and prices will be stabilized. To make sure that this happens, and happens at the same time as a slice is taken out of the wage-earners' pay packet, prices are frozen by law so as to anticipate what should eventually happen, but might not, or only slowly.

But that is not the only reason for a government-imposed price freeze. With an inflation rate of 1,000 per cent, businessmen can no longer manage their businesses. The production system becomes paralyzed. The government can no longer collect taxes because it can no longer figure them out and because even the legal delay of one month in paying tax advances wipes out 20 to 25 per cent of their real value.

The government can also no longer plan, control and cut its budget, except by crude, inefficient and

socially unfair means, such as slicing off entire activities, regardless of their social value, economic efficiency or any other rational criterion.

A true wage-price freeze would not have been the solution for the twin problems of hyperinflation and balance-of-payments crisis. It could never have been more than a temporary expedient, to provide the tools by which the basic causes of the crisis might have been attacked.

It might have enabled producers to go back to their lathes and looms instead of frantically trying to protect themselves against raging inflation. It might have enabled consumers to shop rationally again and to divide their income between consumption and savings. It might have given the government the tools and the breathing space to put its tax system together again and to manage its budget again and to cut it judiciously, fairly and rationally.

WHAT WAS NEEDED was a synchronized freeze of wages, prices and costs. The mechanism of semi-dollarization that might have achieved this and would have brought the needed sacrifice of income and living standards into the open, was rejected.

What prevailed was conservatism and timidity: an obstinate belief that Israel would be the first country to get an inflation rate of 1,000 per cent-plus down by gradualist measures; the unflinching hope of being able to muddle through by improvisation; and the undying belief of the technocrats that if the package deal did not work, they would somehow be able to fool most of the people most of the time.

The package deal so laboriously haggled out was, therefore, from the outset no true wage-price freeze. A price freeze means that costs must be frozen as well - but three major cost factors that are not determined by the market mechanism were from the outside left out of the freeze: wages, the exchange rate and interest rates. Let us consider them one by one.

The cost-of-living mechanism, with its two-month lag in wage compensation for inflation, automatically erodes real wages when inflation accelerates and, conversely, raises them when inflation slows down or is stopped. That mechanism, which might have been suspended by semi-dollarization, thereby synchronizing the real wage cut with the freeze on prices, was maintained, although the compensation was cut to two-thirds of the normal 80 per cent - that is, to 53 per cent of the inflation in the two months preceding the package deal.

IF THE price freeze had been genuine - that is, if it had not been preceded by price boosts bedging against a freeze for weeks before the deal; if it had at least enforced prices as they were on November 2 and frozen them there - nominal wages would still have continued to rise as the cost-of-living allowances for inflation in October (due at the beginning of December) and in November (due in January) would have been paid.

Rising nominal wages, in the face of frozen prices, would have made

# Making the best of a bad deal

By MEIR MERHAV

real wages recover from the eroded level of September and October. And rising wage costs would have pressed against the frozen price level, causing it to explode into a new outburst of price inflation after the expiry of the package deal.

A price freeze would also have implied fixing the exchange rate at the purchasing power parity rate at the beginning of the freeze, and reducing interest rates to a level consistent with a price freeze. Neither was done, so that continued devaluation (albeit at a slower rate than before) and interest rates that imply an ongoing inflation of some 10 per cent a month, continue to accumulate cost pushes in addition to those coming from rising wages.

If the price freeze had been genuine, on the basis of normal profit margins, a fresh outburst of inflation would therefore have built up - mitigated only by the contagion of real aggregate demand resulting from the initial wage erosion and, perhaps, some initial effects of budget cuts.

Since the package deal did not provide for a cost freeze, it did not really provide for a freeze of the true price level of November 2, let alone a price level warranted by normal profit margins. Prices were jacked up to a level that would, as one government official put it, "make it possible for the manufacturers to live with during the freeze."

THIS "ADVANCE" against the expected cost rises during the freeze period would have been bad enough. But in addition, the maximum prices were set at a level that apparently accommodates the big marketing chains who set their prices so as to cover interest charges for 30 to 60 days of suppliers' credit. The difference between that and cash payment is as much as 40 per cent.

The result is that the smaller retailers, who receive cash discounts, and sell at lower prices, have been given an official licence to raise their prices to the official maximum. As some of them made clear, they will not do so at once, so as not to frighten off their customers, but gradually, in order to reach the official maximum prices by the end of the freeze period.

There will, therefore, be no freeze of prices - not in November, when average prices would anyway have been some 15 per cent higher than the average of October because of the rise in the last two weeks of October, and because of the last-minute, and in quite a few cases, retroactive, price boosts in the first week of November; there will also be no freeze of prices in December and in January.

The table below is an attempt to forecast what will happen to prices, nominal wages and real wages, taking September as the base line. (The two-month lag of the cost-of-living mechanism makes it necessary to go back to September, two months before the package deal.)

The assumptions of the table may turn out to be optimistic. It shows that real wages, sharply eroded by the steep inflation in October (after already being eroded before), will gradually recover until January, but

will be cut down again if inflation rises once more in February. Wages costs, taking November as the base line, will rise by 51 per cent by January.

The direct cost push coming from wages, which are on average 23 per cent of total costs, would be 7 per cent, if all other costs are frozen. Taking into account intermediate products, imports costing more because of continued devaluation, and financing costs that are inconsistent with a price freeze, the cost pushes may be as much as 15 per cent and even more.

In reality, a good part of these cost pushes has probably been covered in advance by the price boosts of October and early November. That, however, will not restrain producers from demanding "compensation" by February, because by then they will be considered as hypones.

Equally, wage-earners who see the current erosion of their wages as a temporary cut into the real wage they regard as their permanent income, will expect compensation to make up for the debts they incurred or the dip into their savings to maintain a consumption level consonant with that permanent income. When the package deal expires, we may therefore be back to where we were before it was introduced.

THE UPSHOT of this analysis is that the package deal was never consistent with a price freeze. It was consistent with a slow-down of inflation from the runaway rate of 20 to 30 per cent a month in September and October to a barely controllable rate of, say, 12 per cent on average in December-February.

That is by no means enough. It will keep the economy on the knife-edge between a precariously stable and a runaway rate of inflation. It will not generate expectations of stability; rather, it will lead to continued uncertainty. But it is better than imminent breakdown. It must therefore be made to succeed.

HOW? A programme must immediately be devised for phasing out the freeze period. It is debatable whether a total price freeze was necessary in the first place, and whether it had to go down to the retail level.

If there is a competitive sector in the Israeli economy, it is retail trade. It would have been enough to freeze wholesale prices of some 400-500 products and leave retail prices to competition. Nor was it necessary to freeze all prices. Does anybody seriously believe that it matters what a lawyer charges a heroin smuggler for defending him in court, or what a pair of shoelaces costs?

Price controls must be relaxed gradually, but enforced rigorously. The rate of devaluation must be made predictable, and currency control must be tightened up for as long

as a system of controls remains in force.

It is not an impossible task; some 80 per cent of all foreign currency flows into and out of the country are concentrated in two hundred, three hundred, perhaps four hundred firms and organizations. In an emergency, and for a limited time, they can be controlled.

Interest rates must be reduced to a level consistent with lower inflation. If that causes credit to expand, quantitative credit restrictions must be re-imposed. A relative stabilization of the currency may cause a monetary flood as foreign currency, by exchange-rate linked assets are converted into shekel deposits. Higher interest rates on long-term savings, combined with other measures of conventional monetary policy, can take care of that.

THE PACKAGE DEAL, with all its defects, must be made to work at least to give the economy and the government a breathing space. It must provide time to get out of Lebanon and save a million dollars a day. It must provide time to cut the defence budget. It must provide time to resuscitate the moribund tax system. It must provide time to restore budget control and thereby make possible selective budget cuts.

The slow-down of inflation, insufficient and precarious as it is, has been bought at the price of a temporary cut in real wages. There has been no real price freeze. There has, instead, been an advance boost in prices to where they can stay for a short time.

If the package deal is to achieve its limited objective, the cut in real wages must be maintained, and price controls continued, even if both are gradually relaxed as other forces and measures of stabilization come into play.

Last but not least, if a lasting and all-round cut in living standards is the *conditio sine qua non* for stabilization and recovery, it is high time to take off the blinkers with respect to wealth. If current income, the earnings of labour and of honest enterprise, are a legitimate prey of economic policy, then the accumulated wealth that is, at least in part, the fruit of tax evasion and avoidance, cannot remain sacrosanct.

The government is saddled with a foolish law for the protection of savings, but that does not mean that it cannot make a distinction between genuine savings and liquid cash stashed away in refuges from inflation.

The government, in short, might have done better than it did with the present package deal. But having made the commitment it must do everything it can to make the package deal work. Then, it must follow it up within weeks, if not days, with a consistent programme that complements the deal, not one that seeks to subvert it by letting it first fail, only to substitute for the guillotine measures that were always favoured by a large section of the economic establishment.

It would have been easier, more honest and even less painful to stop inflation by one fell swoop. But it is not impossible to proceed from a precarious slowdown to a stable inflation rate first, and then to a virtually complete stop - provided it is done quickly, as an unbroken continuation of the present package deal.

## PRICES, NOMINAL AND REAL WAGES AND WAGE COSTS SEPTEMBER-FEBRUARY

Month	Price Change, %	Price Index	Nominal Wages, Index	Real Wages, Index	Wage Costs, Index
September	21.4	100	100	100	100
October	28	128	113*	88	100
November	23	157	133	84	100
December	10	173	155	89	131
January	8	187	174	93	131
February	15	215	174**	81	131

\* Cost-of-living allowance of 80 per cent for the 16.5 price rise in August.  
\*\* No cost-of-living allowance is payable before three months unless inflation accumulates to 12 per cent.

The writer is economic editor of The Jerusalem Post.

## READERS' LETTERS

### REPATRIATION OR REUNIFICATION

To the Editor of The Jerusalem Post Sir, - Arye Dulzin, Chairman of the World Zionist Organization, and Jewish Agency executives recently expressed strong support for repatriation to promote emigration from the Soviet Union to Israel. Of course, we wholeheartedly agree that the State of Israel must work toward repatriation, but not at the expense of those families who seek reunification elsewhere. The freedom to live in the country of one's choice is not only the embodiment of American democracy; it is also an ideal which is espoused by leaders of the Israeli government. It is incumbent upon us as Jews to help all Jews everywhere who yearn for freedom. This has been the hallmark of the Soviet Jewry movement since its inception.

At the beginning of the Jewish emigration movement in 1970, we promoted the notion of family reunification, which was used in the Helsinki Accords in 1975. Since that time, the Soviets have responded

almost exclusively to invitations from Israel as a first step in the emigration process.

It would have been ideal if, during the last 15 years or so, all Jews who left the Soviet Union settled in Israel. For a variety of reasons, many chose resettlement elsewhere.

The Union of Councils for Soviet Jews has consistently based its philosophy on freedom for Soviet Jews, and Jews everywhere, to live wherever they choose. Now, with the doors of the Soviet Union ostensibly sealed, we feel it is most important to channel our energies to support those who have been forced to stay behind in the USSR. Their courage, in choosing to live as Jews, by practicing their religion, customs and traditions, makes it all the more necessary for us to close ranks and work in solidarity for their survival.

MOREY SCHAPIRA, President  
LYNN SINGER, Chairperson  
Advisory Board,  
Union of Councils for Soviet Jews  
Washington, D.C.

### CULTURE IN ARAD

To the Editor of The Jerusalem Post Sir, - Yohanan Boehm's somewhat condescending piece "Off the Beaten Track," October 26, rubbed some salt, perhaps unwittingly, in the wounds of Arad's music-going public. First of all, Mr. Boehm would have been less surprised by the size of the audience that came to hear Isaac Stern were he just a little aware of the standard, the size and the variety of musical activities that take place in the town, from the regular symphony and chamber concerts, choir recitals and jazz evenings to the annual Folk Festival, to the hosting (over the last year, for instance) of performers such as Pinna Salzman, the Cameron Singers, the Israeli Philharmonic Orchestra and

Arad.  
Yohanan Boehm comments: Sorry! Hats off to Arad!

JUDY COPELAND

### SPEAKING CLEARLY

To the Editor of The Jerusalem Post Sir, - I heartily endorse the appeal by Education Minister Yitzhak Navon to Israeli youth to speak clearly and succinctly in good Hebrew and not to mumble sentences in slang and poor grammar.

I would like to extend this appeal to Israeli adults as well.  
Jerusalem. HAYIM I. PERLMAN

### VISITORS' ETIQUETTE

To the Editor of The Jerusalem Post Sir, - In the past we looked forward to foreign dignitaries' visits. Now we couldn't care less. The reason, I feel, is that lately every such visit from a "friendly" western country was a humiliating experience. This applies to Sir Geoffrey Howe's recent visit as well.

Visitors like Sir Geoffrey make their ritual visit to Yad Vashem, express their sympathies, and immediately afterwards shed bitter tears about the "plight of the Palestinians", and give us "friendly" advice what to do about it.

I think it is high time that our diplomats should openly convey to our visitors our real feeling about their conduct.

Firstly, they should be told that Israel does not believe their tears about the Palestinians are sincere. Until they express similar sentiments about the plight of 16 million Kurds who are periodically machine-gunned, hanged and massacred in Turkey, Iran and Iraq, for example, their tears for the Palestinians will be considered here as crude, political-diplomatic discrimination against Israel.

Secondly, it should be pointed out to Sir Geoffrey and other visitors that their parleys with Arabs, especially with known PLO supporters, during their visits here are highly offensive. Surely no foreign visitor, say to Spain, would think to talk to Basque separatists and/or terrorists.

Netanya. PAUL LAX

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